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# MODERN BUSINESS ROUTINE

EXPLAINED AND ILLUSTRATED

VOLUME I.—HOME TRADE

BY

R S OSBORNE, F S S

FOR TEN YEARS LECTURER AT CITY OF LONDON COLLEGE ON THE THEORY AND PRACTICE  
OF COMMERCE SON ET MY LECTURER FOR THE DECIMAL ASSOCIATION  
ON THE USE OF THE METRIC SYSTEM IN COMMERCE  
AUTHOR OF THE PRACTICAL ARITHMETIC

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# PRACTICAL ARITHMETIC

BY

R S OSBORNE.

## SOME OPINIONS OF THE PRESS

"A remarkably useful book for the young business man. Anyone who has fallen behind with his mathematics can recall his science with ease and pleasure by its help. —*Evening News*

We strongly advise every accountant student who is in the early stages of his art to get a copy of this little work and to conscientiously work out the numerous exercises given therein. The chapters on Percentages Insurance Transactions Account Sales and Freight Calculations, Annuities and Exchange Calculations are of particular use to the student preparing for the examinations of the Institute and the concise and clear manner in which the numerous problems are explained and the many illustrations given should also make it a handy book of reference in the office. —*The Accountant*

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The book being written on systematic lines and published at a price within the reach of all should prove acceptable to students and to those giving instruction for commercial examinations. —*The Secretary*

Bills of exchange account sales buying and selling of stocks and shares exchanges etc., are illustrated and all the terms usually associated with them are introduced. We commend the book for the use of boys who are contemplating a business career. —*Incorporated Accountants Journal*

A really interesting book for those desiring to take up the practical side of the subject. —*Associated Accountants Journal*

A number of Revision papers completes a volume which will be found of great service to many of our young men preparing for business. —*School Guardian*

Mr Osborne has done his work in an intelligent and thoroughly practical fashion. —*Northern Whig*

It deals entirely with the business side of the subject and the student engaged in financial and commercial houses should derive much benefit from its study. —*The Scotsman*

EFFINGHAM WILSON 16 COPTHALL AVENUE E.C.2

## PREFACE

DURING a long practical connection with mercantile affairs and a ten years lecturing experience on the subject of *The Theory and Practice of Commerce* I have collected numerous letters and documents relative to the business routine of the big institutions of this country

To all those managers of Banks Insurance Offices and Industrial firms as well as those of my business students who have favoured me either with copies of letters and documents or with verbal information regarding the official routine of their businesses I tender here my hearty thanks for the co operation which has resulted in the production of this text

This volume is written in the main for those who wish to obtain a practical knowledge of the writing of a business letter and the documents used in business. The student is first taught how to write such a letter next how to index and précis it and then is led as it were through the offices of our big business concerns whereby he learns their methods of conducting business the documents and letters used and the up to date means of copying and preserving for reference papers and correspondence. Model letters are given and exercises set to enable him to test his ability to compose similar ones. In connection with the letter writing whether on business Stock Exchange or Banking topics précis writing or telegraphing the subject matter is first fully explained to avoid the fault, often found in handbooks of *Commercial Correspondence* of merely showing letters to the student before asking him to write one when invariably he has not sufficient knowledge of the subject to enable him to compose letters unaided.

Many of the letters and documents are grouped to deal with one transaction as this besides being more helpful to the student is more interesting than a collection of separate letters on various subjects

The volume may be divided thus —

- (a) How to write letters in general
- (b) How to dissect letters—Indexing and précis writing
- (c) How to compose letters on commercial matters duly explained in the text preceding the examples

It is hoped that the letters may be found useful also—especially at the end of the student's year—for shorthand exercises, and to facilitate dictation, the number of words in each letter is indicated at the end

To enable the student to test his assimilation of the facts set forth in the text, there are appended numerous exercises, for many of which my thanks are due to the Royal Society of Arts the National Union of Teachers and the Chartered Institute of Secretaries

Directors of commercial schools or departments will find it advantageous to correlate as far as possible the syllabuses of the various commercial subjects By such correlation comprehensive information is given to the student overlapping on the one hand and omissions on the other hand being rendered impossible

In conclusion I hope that the clerks secretaries and commercial employers of various kinds who have from time to time enquired of me for a book on these lines will find this volume suitable to their needs

R S OSBORNE

CITY OF LONDON COLLEGE E.C.,  
1914

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# MODERN BUSINESS ROUTINE

## CHAPTER I

### LETTER-WRITING

AN expert in commercial education has said that any competent letter writer is able to draft a commercial letter, the latter being only a branch of general letter writing. Charles Lamb and the gentle Cowper are contradictions enough to this assertion. What was meant, and it is astonishing to find how many educationalists emphasise the fact, is that no man can write good commercial letters without a command of his own language and knowledge of its resources. Lucidity and terseness may be gifts of the gods to the few, but the many must acquire them by attending to their general English education throughout school years, by acquiring such a power over words that they come readily and pertinently as need arises. Power over words and readiness of expression do not come—as many students are apt to suppose—by a few months' study of types of business letters. Debating, wide reading of good literature (which exists in variety enough to suit all tastes), and long practice in essay writing will produce a ready writer who can easily specialise, when the time comes in whatever branch of writing he needs to cultivate, whether it be advertisement compiling, indexing letters, composing letters, dealing generally with the office correspondence, to qualify for which he need learn only the technical usages connected with each branch. These include a number of abbreviations appended to the various chapters of this work and certain stereotyped phrases easily learnt by reading a dozen or so business letters. Experience shows that the difficulty does not lie in the adoption of these, but in the framing of letters dealing with new situations, and therefore needing paragraphs of original composition. It is

here that the value of a general English knowledge appears, and many heads of firms prefer well educated employees with out commercial training to those who have specialised too soon in office routine to the detriment of their general education

Such a letter as the following is an example of good clear style —

PARLIAMENT STREET LONDON,  
2 February 19—

TO MESSRS WILLIS AND WARD  
Newcastle  
GENTLEMEN

In further reply to your letter of 27th Jan, we beg to inform you that we have now taken counsel's opinion on the case you laid before us and herewith enclose copy. That opinion we think you will agree is certainly favourable to your client's contention but there are one or two points still requiring elucidation and we are preparing a further case for submission to Mr Smith with the object of obtaining his views thereon. Broadly speaking however there is no doubt in our minds as to your client having a *prima facie* right of action against the society and you will see from the Opinion that we are supported in this belief by more than one authority. The questions of course involve the consideration of what is the real position of the directors of a joint stock trading company. The capital of the Company being under their management, they are to a certain extent trustees. They are in fact persons selected to manage the affairs of the Company for the benefit of the shareholders and the shareholders have a just right to look to them as responsible for the business entrusted to their charge. It has been held by the Courts that the distinction between a director and a trustee is an essential distinction founded on the very nature of things. A trustee is a man who is the owner of the property and deals with it as principal and master subject only to an equitable obligation to account to some persons to whom he stands in the relation of trustee. The office of director is that of a paid servant of the Company. He never enters into a contract for himself but for the Company for whom he is acting. He cannot sue on such contracts, nor be sued on them unless he exceeds his authority. In this case your client's contention that the directors have exceeded their authority is one which rests primarily upon the question of fact and in our view and in the view of the counsel advising us those facts are quite sufficient to justify an appeal to the machinery of the law. Before taking this step, however communication should be opened with the solicitors of the Company and an attempt made to settle the matter amicably. There is every reason to believe that advice has been taken by the other side and it is therefore possible that having regard to the simple nature of the issue there will be no disposition to contest seriously the demands your client is making. At any rate an approach might be made 'without prejudice' to see what can be done. Failing any satisfactory settlement we see no other course than to adopt counsel's advice and at once commence an

action on the basis set out in the Opinion. Taking it that this course is ultimately followed, we should require more detailed particulars, in order that we might instruct counsel to settle the writ and Statement of Claim. It would be also desirable to have a consultation between counsel and your client, at which a representative of your firm was present, and this we shall be pleased to arrange. Awaiting your further instructions,

We are, gentlemen,

Yours faithfully,

LUCAS AND SONS (557)

Again—to take a shorter one, of more commonplace type—the style is no less clear and terse, the sentences containing the maximum of information in a minimum number of words —

OPORTO,

14 July, 19—.

MESSRS J PHILIPPS & Co.

DEAR SIRS,

Since we last wrote to you on the 10th May, we have been favoured with your esteemed letter of the 8th of the same month, covering two bills on this city, value £1145 6s 7d

These drafts have been duly accepted, and the amount, added to your former remittances completes the sum of £4314 4s 1d on account of Messrs Thomas & Co, of Liverpool, thus closing this transaction

We are, dear sirs,

Yours very truly,

(87)

#### COMMON ERRORS.

Many commercial letters, when not belonging to a definite easy type, are slipshod in style. Contrast with the succinctness of the above letter, the careless style of the following extract from a publisher's letter, soliciting orders —

"If you would like to examine copies of any of these books, with a view to adoption as class-books, we shall be pleased to forward specimens upon hearing from you. When writing, we should be much obliged if you would let us know the number of copies likely to be required if adopted."

This can easily be re cast in a terser form —

"We will gladly forward, at your request, specimen copies of any book you may be likely to adopt as a class book, and shall feel obliged if you will mention the number of copies you would probably need in such a case."

The student analysing for himself any business letters that fall into his hands, will be surprised to find how often they are

carelessly phrased The writers neglect many aids to what may be called the girding up of sentences There is the ever useful participle ready to save many a sentence from its loose end —

He wrote to us and asked for an interview and hoped he should come to some agreement

is a type of sentence a student often writes instead of,

He wrote to us asking for an interview in the hope that some agreement could be made

There is the compound adjective which saves an awkward relative phrase For instance the sentence

We have pleasure in sending herewith prospectuses of some of our new Historical books which we have just published and in which we hope you will be interested

can be rid of that bugbear of stylists the and which by recasting it thus —

We have pleasure in sending herewith prospectuses of some of our recently published Historical books which we hope will prove of some interest to you

A second example—from an actual letter—is this —

I shall be obliged if you will give me particulars of one of your tours in that country (i.e. Scotland mentioned earlier in letter) which you think will suit me best

An adjective shortens the sentence —

I shall be obliged if you will give me particulars of suitable tours in that country

and also makes it clear that it is the tour and not the country which is to be suitable

Ambiguity of this kind is very often found in the wake of Participial openings It is the commonest of all errors in composition of any kind e.g. —

When writing we should be glad if you would let us know etc., instead of

We should be glad if you when writing would let us know etc

As it stands writing refers to we

It occurs in the otherwise well written letter on p 2.

"Before taking this step, communication should be opened,"

for

"Before this step is taken "

or

"Before you take this step,"

*taking* referring to *communication* otherwise

Faulty sentences often result from the misplacement of such words as *only* and *chiefly* Such words should immediately precede or follow the words they modify

"We chiefly manufacture silk underwear "

is a faulty way of stating either

"We manufacture chiefly silk underwear,"

or,

"We manufacture silk goods, chiefly underwear "

Similarly,

"Our firm can only send you half the quantity ordered "

should read

"Our firm can send you only half the quantity ordered "

Weak sentence construction is sometimes due to the over-use of *and* as a connective particle, to the exclusion of more suitable ones Often *and* should give way to *but*, *for*, *whilst*, *whereas*, or some other variant, *e g* —

"The goods were despatched on Tuesday, *and* should have been sent on Monday

reads better thus —

"The goods were despatched on Tuesday whereas they should have been sent on Monday "

The same sentence illustrates the proneness of a writer to put down a sentence without thought of the construction to follow. Otherwise, he might have written,

"The goods despatched on Tuesday should have been sent on Monday "

Improvement in the direction of terseness can often be gained by omitting the too-often repeated pronoun. The

following sentences, from actual letters, can dispense with the second pronoun —

(a) "In reply to your letter of the 5th inst, we have no blue cloth at present but we shall have some next week

(b) We are pleased to hear that all the machinery is working well, and we shall always endeavour to sustain the reputation of our house'

(c) 'He is a tolerably good linguist but being anxious to improve his knowledge of French he has made up his mind to visit France'

These examples are too short to show how obnoxious unnecessary pronouns can become in a long letter

A slipshod comparison is a fault often found

"The confidence of the American is greater than any other nation," is a typical sentence

A more common error still is the confusion of *if* with *whether*. All indirect speech, quotation or question, should be introduced by *whether*, not by *if*, which is the introducer of a conditional clause. A sentence containing both indirect question and conditional clause shows clearly the usage of the respective conjunctions

'Kindly let me know whether I may inspect the car on Thursday, and *if* satisfied with that inspection *whether* I can have a trial run thereafter'

*Different to* is an error not likely to be repeated by any one who will take the trouble to think that *different* is equivalent to *differing*. No one would speak of a thing differing *to* another. This error should be avoided, not from pedantry, but for the sake of clearness. *Different to* is used in another sense than that of *different from*

His manner was *different to* me after the family quarrel "  
but

"His manner was *different from* what it used to be "

The *split infinitive* is wrong because the *to* is not the preposition *to*, but is as integral a part of the verb as the participial ending *ing*. Those who write *to carefully note* for *to note carefully* would not split *noting carefully* into *not carefully ing*, nor would they split a French infinitive inserting an adverb between the root and the ending *er*, *ir*, or *re*

*Shall* and *will*, *would* and *should* ought to present no difficulty to the English writer. It was a Frenchman who was responsible for the old tag

'I *will* be drowned and nobody *shall* save me '



Many people, however, use *we will* for the simple future *we shall*, and more (the numbers augmented by Germans), *we would* for *we should*. Here is an extract of an actual business letter, illustrating the mistake —

"We thought, being an old established firm our name would be known to you, or we would have sent references with our order."

### PUNCTUATION

Punctuation should be an aid to clearness. It is sometimes overdone. Only such stops are necessary as will clearly separate the sentences and so facilitate reading the letter. Full stops are likely to be most used in commercial letters, as short sentences are generally the clearest and the best adapted for commercial work. Commas are important in cases where the sentence would be misconstrued without them. The well-known example,

"The schoolmaster says the burgomaster is an ass"

altered rapidly by the accused dignitary to,

"The schoolmaster, says the burgomaster, is an ass"

though not commercial, may serve because of its effectiveness. The writer should read his letter through and add whatever commas will help the reader to see his meaning quickly.

The colon and semi-colon are less needed in commercial than in literary prose. They are used between sentences which, though grammatically separate, are more closely united in sense than sentences separated by a full stop, *e.g.* —

"These drafts have been duly accepted and the amount, added to your former remittances, completes the sum of £4 314, etc.

And,

"We regret that we have no blue cloth at present, but shall have some next week."

The rules of punctuation can be learnt not only from any standard grammar, but from observation of the writing in journals and literature of good standing.

### USE OF CAPITALS AND ITALICS

As for the use of capital letters, the average letter-writer knows the main rules for their use. Technical uses will be

learnt from commercial dictionaries and in reading through types of business letters—*eg*, I O U, E and O E, B/E, B/L, A/C. All words (excepting conjunctions, prepositions, and articles) in headings and in titles of books should have initial capitals. In publishers correspondence, capitals are employed for names of subjects such as English History, Geography, Mathematics and correlated adjectives. *Eg*, *Enclosed please find a catalogue of Historical Works*. Many correspondents, led away probably by French adjectives, omit to give capitals to Proper adjectives, writing *english* for *English* and *french* for *French*.

*Italicising* is too often neglected. It is neater to italicise titles of books, journals and newspapers, foreign words, or words with a special meaning, than to put them between quotation marks, which are better left for conversations and actual quotations. In ordinary writing, words are italicised by underlining. *Eg*, *Cordingley's Countinghouse Guide*, *The Daily Telegraph*. (Notice here that *The* is part of the title. It is wrong to write, "in the *Daily Telegraph*".) *Via* (meaning *by way of*) *Via*, not italicised, means a copy of a Bill of Exchange.

#### SPELLING

Spelling is a subject which ought not to need mention. but complaints of the bad spelling of apparently well educated persons are to be heard on all hands. Bad spelling is particularly out of place in business, where all-round accuracy is demanded. Anyone who has been so lazy as to allow himself to spell inaccurately can become proficient with the aid of one of the many good spelling books now on the market, or by daily transcription and committing to memory of a number of words from the newspaper, by the use of a pocket dictionary to find the meaning of unfamiliar words and by infusing into whatever method adopted some force and determination. Although English spelling is chaotic there is no excuse in these days of cheap education and cheap books for the prevalent inaccuracy. Clear pronunciation will often be of help. if a slight difference be made in saying the endings of *admissible* and *indispensable*, the spelling of them will not offer difficulty. Sometimes a mental reference to a cognate word will help. He who connects *repeal* and *repetition* will not give the second word three *s*,

a too prevalent custom. Confusion often arises with regard to single or doubled letters *e.g.*, in such words as *woollen, melon, travelled, unparalleled, accommodate, accumulate, necessary, occasion, benefited, committed, disappointed, disappear*. The last two and similar words can be correctly spelt by dividing them into prefix (*dis* and never *diss*) and the simple words *appoint, appear*. In the case of the other words it is a good plan to memorise them by making lists, in which doubled letters appear in, say, red ink and single ones in green. The lists can be pinned up by the dressing table or on the office desk, and the eye will soon learn by this pictorial method. It may seem *infra dig* to use these kindergarten methods but they are more effectual than any spelling book, and their adoption for some weeks or months will convert an indifferent into an accurate speller.

Attention to the rule "*i* before *e* except after *c*" (two exceptions are *foreign* and *seize*) will prevent error in the oft necessary words *received* and *receipt*. Foreign students should be on the alert for little differences between their language and ours *e.g.*, *informations* for *information* too commonly appears in the letters of Germans. One more mistake must be pointed out — *Yours* should not be written *your's* nor *it's* *it's*. The variation in the original inflections accounts for this difference between possessive pronouns and nouns.

#### WRITING

Less important than spelling in public opinion is writing. Illegibility is often praised as "character" in writing and clear writing is held to be the sign of a clerk just as was, in the fashion world of the 18th century, the ability to write at all. Type writing has made the old fashioned copper plate writing and its successors of no account. A good long hand is necessary for addressing envelopes (when as frequently, there is some objection to the formal appearance of type writing) and of great importance for a clear signature. Fear of forgery and a wish for a distinguished looking signature leads to numerous undecipherable signatures the strokes of which the recipient carefully copies as a drawing exercise passing on to the postman the mystery which has baffled him.

## ARRANGEMENT OF A LETTER

Arrangement and spacing are of vastly more importance in commercial than in private letters for they must not only yield up their meaning at once on first reading but be so arranged that reference to any part of the information is successful at a glance

## Divisions of a Commercial Letter —

Reference No. if any	Address of writer
(To be quoted in reply)	Date of letter

Encls	} (To be named)
or	
Enclos	

Name of firm written to  
Address

Salutation

§ 1 of letter referring to occasion of writing and giving if an answer to another letter a short abstract of the contents of it

§ 2 Reply to questions asked or details of the cause of writing

§ 3 Any additional information

The complimentary close

Signature

**Enclosures** — It is necessary to note the number and nature of these so that they be not overlooked or that they may if lost be enquired for without delay

**Salutation** — This should be either *Sir Madam Gentlemen* or *Mesdames* *Dear* may be prefixed to the singular forms It is prefixed also to *Sirs* There is no significance in the use of the word *Dear* It is not a sign of greater familiarity, the two forms being used indiscriminately

**Body of Letter** — The letter must open with a reference to the letter it answers and touch briefly on its contents The following letter (an actual one) shows how neglect of this rule detracts from its commercial style —

LONDON

3 February 19—

TO MESSRS CUTLER & CO.,  
Broad Street  
Sheffield

GENTLEMEN

We are acting as the representatives in Great Britain of the International Exhibition to be held next year and have instructions from the Executive to reply to your letter addressed to the chief office We must inform you that an early application for space is of paramount importance as the area allotted to this country is necessarily limited,

and a large portion has been already taken up. The plan we send you will show you the stands still available and we should be glad if you would mark that which you wish us to reserve and return us the document at once. You will observe that the cost is based upon a fixed sum per square foot with a minimum of 256 square feet. At first it was considered unnecessary to fix a maximum but so many large firms have been taking up the available area at the expense of smaller but no less important exhibitors that the Committee has been reluctantly compelled to decide that in no case can any one exhibitor occupy more than eight thousand square feet. The amount of floor space you require however is well within the limit. With reference to your wish for a central position you will see there are still a few vacant plots beneath or immediately close to the dome and if you let us know by return of post we will reserve one for you.

Yours truly

WARREN AND HOLMES (256)

The first paragraph, according to current commercial custom, should read—

In reply to your letter of (date) received at the chief office we as representatives in Great Britain of next year's *International Exhibition* are instructed by the Executive to give you the required information regarding stands and available accommodation.

(The last phrase is a *précis* of the enquiries of Messrs Cutler's letter.)

The second paragraph to be marked off clearly by indenting the first word an inch or two should contain details of the required information. In the above letter the fact about the early application and the request for marking the stand should have been relegated to the last paragraph which might be worded thus —

You will see by the enclosed plans what stands are available and that only a few plots remain vacant in the central position (i.e. beneath or close to the dome) you wish for. The floor space you require is well within the limits viz 256 sq feet and 8000 sq feet the maximum dimensions having been fixed by the Committee owing to the tendency of large firms to crowd out the smaller but no less important exhibitors.

The last paragraph would then deal with additional information—in this case merely the need of early bookings. After a third paragraph worded in this way —

We should like to emphasise the need of early application for plots, and can promise to reserve you one in a central position if you will book it by return of post.

should come the

✓ Complimentary close, which should be brief and pertinent. In this letter, a suitable close is,—

"Hoping you will secure a stand which will prove to your satisfaction,"

followed by the signature. Like all endings, the complimentary close to a letter is difficult, if one wishes to avoid stereotyped forms. A little practice, however, will provide a large *répertoire* of endings. An ending which should never be adopted is, "*Thanking you in anticipation*." In saying this, the writer is too presumptuous, especially if he be soliciting orders. A more rational way of closing in such a case is, "*Assuring you, that if favoured with an order, we shall do our best to execute it to your satisfaction*," or, in a letter asking a favour, "*Hoping that you will see your way to grant me the favour asked*," "*Assuring you, dear sir, that your favour would be received with sincere gratitude*" or if the required favour involves a good deal of trouble, "*Apologising for the trouble involved should you grant my request*." The thanks should of course, follow immediately they become due.

**Signature**—Nowadays business letters almost invariably are signed, *Yours truly*, *Yours very truly*, or *Yours faithfully*. The endings, *Your obedient servant*, and *Yours obediently*, formerly always used in letters asking favours are gradually becoming as obsolete as copperplate writing. *Yours sincerely*, though one sees little reason for its distinction from *Yours truly*, is kept for letters between friends who are not on such terms as will warrant a more intimate ending. Next follows the name of the person responsible for the letter.

#### TYPES OF SIGNATURES —

- (1) Of the head of a firm —G. RICHARDS

Of the partner of a firm —RICHARDS ALLEN & Co.

- (2) Of a legally authorised representative —

*per pro p pro* or *p p* RICHARDS, ALLEN & Co.,  
J. STAPLEY

*Per pro* = *per procuracionem* i.e. by legal right of administration. The signer by power of attorney possesses limited authority to act for his firm. Persons not legally authorised sometimes sign *per pro* instead of *pro* perhaps confusing the Latin preposition, the simple *pro* with the abbreviated *pro*.

- (3) Of employees with no specified legal authority —

*for pro* or *on behalf of* RICHARDS, ALLEN & Co.,  
H. HOPKINS  
or simply, RICHARDS ALLEN & Co.,  
H. HOPKINS

(4) Of managers, secretaries, heads of Government Departments, etc —The Wantage Urban District Council

T JONES, Clerk

L C C Education Department,

M EDWARDS,

Education Officer

# ABBREVIATIONS USED IN CONNECTION WITH LETTER WRITING.

@—For the Latin *ad*, to or at

a/c—Account current

a m —Latin, *Ante Meridiem*, before noon

A D —Latin *Anno Domini*, in the year of our Lord.

Art —Article

Ad lib —Latin, *ad libitum*, at pleasure

Advt —Advertisement

Agt —Agent

Avoir —Avoirdupois

Bal —Balance

Bart —Baronet

B/—Bale, BLs —Bales.

Bdl —Bundle

B/d—Brought down

B/f—Brought forward

Bros —Brothers

Brl —Barrel

C/ —Case, C/s—Cases

C A —Chartered Accountant

Capt —Captain

C/d—Carried down

C/f—Carried forward

Cf or cp —Compare or refer

C E —Civil Engineer

Cie —Fr *compagnie*, company.

Co —Company

C/o—Care of

Col —Colonel

Com —Commission

Contra—Against.

C R —Company's risk

Cr —Creditor or credit.

Nil — Latin, *Nil*, nothing

O — Order

oz — Ounce

o/a — On account

o/o — Order of

O H M S — On His Majesty's Service.

o/s — Out of stock

Payt — Payment

p c — Postcard

P C — Privy Councillor

Pcl — Parcel

Pes — Pieces (of cloth)

Pd — Paid

Per — By

P p

p pro

per pro

Pkgs — Packages

p m — Latin *Post Mer idem*, after noon

P P — Parcels Post

pp — Pages

Pro tem — Latin *Pro tempore*, for the time being.

Pro rata — In proportion

Prox — Latin *Proximo* in the next

P S — Postscript written afterwards

P T O — Please turn over

P & L — Profit and Loss

P O B — Post Office Box

P V — Fr *Petite Vitesse*, ordinary goods train.

Qr — Quarter

Q V — Latin, *Quod vide* which see.

Qto — Quarto

Qy — Query

Re — In the matter of.

Recd — Received

Ref — Reference

Regd — Registered

Retd — Returned

Rev — *Reverend*.

Recpt — Receipt

R P — Reply paid



R S V P —Fr. *Repondez s il vous plait*, please reply.

Ry — Railway

Sec — Section

Secy. — Secretary

Sr, Senr — Senior

Shipt — Shipment

S S — Steamship

Sq ft — Square feet

Sine die — Without a day being appointed

Sine quâ non — An indispensable condition

Status quo — The state in which the thing is, as things were before.

Stet — Let it stand

Subs cap — Subscribed capital.

T — Transit or transshipment

T R — Tons register

T S V P —Fr. *Tournez s il vous plait*, please turn over

T Q — *Tale quale*, according to sample

Tr — Tare (weight)

U K — United Kingdom

Ult — Latin, *Ultimo*, in the last, last month.

U S A — United States of America

V — Latin, *Versus*, against

Vice — In place of

Vice Versâ — The terms being exchanged

Viz — Latin, *Videlicet*, namely, to wit

Via — By way of

Verbatim — Word for word

Vivâ voce — By or with the living voice

W — West

Wd — Warranted

W O — Waiting orders

W O G — With other goods

Wt — Weight.

Xmas — Christmas

Yd — Yard

Yr — Year.

## EXERCISES ON LETTER WRITING

## (CHAPTER I)

1 Direct envelopes to —(a) A Bank (b) A Limited Company, (c) An Unmarried Lady

2 How would you conclude a letter to —(a) A Clergyman (b) The Manager of a Firm (c) A Friend?

3 What is the meaning of the following which sometimes appear at the top left hand corner of business letters —(a) Please quote M 218

(b) Encl 2

4 Explain the following abbreviations —inst ult prox N B (on the address of a letter) qual % cm per an \$

5 Write a short letter to Wilson & Son Quay Street Plymouth stating that your traveller will call upon them on a certain date

6 Draw up a short letter to a customer notifying him that the goods ordered have been despatched

7 Draw up a letter to a customer who has written complaining to you of the late delivery of goods ordered

8 What are the abbreviations usually employed for —in the matter of the current month namely?

9 Write a short letter to a Shipping Company asking for particulars of fares to Canada

10 Write out clearly from the notes below the reply to the following letter —

14 ORCHID MANSIONS CLAPHAM RISE S W,  
14 July 19—

GENTLEMEN

Having a week and a five pound note to spare for a holiday in Scotland I shall be much obliged if you will give me particulars of one of your tours in that country which you think will suit me best I should like to visit one or two of the principal cities and some of the lakes if that be possible for so small an amount

Yours faithfully

A M BIRNS (91)

Charles Look & Co

16 Cheapside E C

## NOTES FOR REPLY

Holiday Tours Prospectus enclosed Would strongly recommend you to take advantage of Tour 144 page 50 which comprises a week in Edinburgh Glasgow and Melrose Fare £3 3s including return ticket and accommodation consisting of bedroom substantial breakfast and dinner (or supper) at Edinburgh commencing with bed on arrival and ending with dinner on day of departure. Passengers for Melrose prior to their own evening meal Superior accommodation half a guinea extra Leave St Pancras by Daylight Corridor Express on certain Saturdays in July and August Hope

you will let us know as soon as possible, as the bookings are at present brisk.  
Payment in advance Interview if necessary.

11 Re write the following letter, correcting grammatical and other mistakes, deleting any superfluous words and expressions, and altering the construction and diction where you think they can be improved Set the letter out neatly, insert all necessary punctuation marks, and write all the abbreviations in full —

24 GRACECHURCH STREET, E C,  
24 September, 19—.

MESSRS THE REX SULPHATE CO LTD,

Gents we beg to ack rect of yr lr offering to us the sole agency in this town for your goods and beg to thank you for the same we however regret that the commission that you offer is too small to be an inducement to us to take up the agency for yr goods if you feel however disposed to increase the rate to 12½% we shall have much pleasure in giving the matter our farther consideration we may point out to you that your goods have at present as you yourselves state no great sale in this district but we think with the means that we have at our disposal we could increase the sales to a considerable extent awaiting the favour of a reply your s faithfully James Brown and Sons

12 You are sent to make enquiries about a certain Birmingham firm or Company, and find that they are doing a large business and stand in good repute Report on the subject, going fully into detail and referring to capital, employees, offices, trade, credit, etc

13 Write a complaint of the quality of certain goods, referring to samples and previous supplies, etc

14 As Manager of a Motor Car Company, write a letter in reply to an enquiry from a possible purchaser Describe persuasively (1) the rapidly increasing utility of motor cars in general, and (2) the special advantages that your own make of car has over other models

15 Write a letter as to non delivery of goods, and a reply with explanation

16 Write reports on —

(a) Changes to be made to improve a business

(b) Proposal to buy up a certain business, and to amalgamate it with your employer's

(c) Necessary steps to be taken to open a branch establishment

17 What do you mean by confirming a communication? How would you confirm a letter, telegram or telephone message?

18 Write a letter setting forth certain disputes between companies and the settlement arrived at, so as to confirm such settlement in writing

19 Write letters as Secretary of a Public Company —

(a) Acknowledging receipt of a claim for an accident alleged to have been caused by your Company's trams

(b) Denying liability for same

(c) Offering settlement of same

20 Write the following letters —

- (a) From a firm with a remittance to the Bank for their credit;
- (b) Acknowledging receipt

21 On 1st November 19—, a firm sends a M/O for its subscription to the *Shipping List*. It takes 3 copies. It also wants back numbers for July, August and September. Write the letter and the reply.

22 Write a letter of complaint and enquiry as to orders, etc., to a traveller or agent.

23 Report upon one of the following matters —

- (a) The possibilities of future development in some business, and suggestions for same or
- (b) The causes of the falling off in a business, and methods of arresting same.

24 Write letters as Secretary of a Public Company —

- (a) Giving orders for goods (specifications, schedules, etc.)
- (b) Calling attention to delay in fulfilment of orders and threatening a claim.

25 Write a letter proposing to refer a dispute to arbitration, with details.

26 Write letters as Secretary of a Public Body to a Government Department —

- (a) Calling attention to certain conflicts of rights and duties, and asking for directions.
- (b) Suggesting that legislation in regard to a certain matter should be promoted. Give details. (One letter only.)

27 Write a letter as Secretary of a Public Company, offering an appointment.

28 Another refusing an offer of a compromise in regard to some dispute.

29 Another confirming an oral arrangement arrived at between Joint Committees of Directors at a meeting.

30 Write a letter complaining of an accident caused by a Town Council's tram, and the reply.

31 Write as the Secretary of some Public Body to the Local Government Board requesting sanction for a loan.

32 Report upon various frauds which have been discovered in connection with a business, and how to check them in future.

Write letters —

33 Protesting against breaches of some working arrangements between your company and another, e.g. for a fixed scale of prices or for non competition in certain districts.

34 Ordering goods of a special make for a special purpose (naming same).

35 Write letters as Secretary of some Public Body (e.g. Borough or Institution) —

- (a) Setting forth certain grievances existing and requesting co-operation for redress.
- (b) Reply to above.

36 Write to an Insurance Company with particulars (brief) for Fire Insurance of your warehouse.

Reply asking for more particulars and holding applicants covered and as to a survey

Answer with fuller particulars etc

37 Write reports on —

- (a) Delay in erecting a building and defects discovered
- (b) Errors and defects in certain Accounts
- (c) Blunders and delay in executing a Contract for Goods

38 Write essays on the following commercial subjects —

- (a) The advantages of the typewriter
- (b) The effect of war on trade
- (c) Penny wise Pound foolish
- (d) The employment of women in commercial houses
- (e) What profession you would like to adopt and why
- (f) The effects of the physical features of a country on its trade
- (g) The use of Chambers of Commerce
- (h) The decline of the apprenticeship system in England and its results
- (i) The use of the phonograph in business
- (j) The advantages of canal over railway transit
- (k) Adaptation and alertness are the commercial watchwords of to day —Sir A K Rollit
- (l) Trusts
- (m) Exhibitions and their value
- (n) Highways of commerce
- (o) Water supplies of large cities
- (p) Effects of motor traction on home trade.

#### KINDS OF COMMERCIAL LETTERS

This short survey is confined to certain letters of a more or less stereotyped pattern demanding little explanation all others being relegated to their cognate chapters

**Letters of Introduction** —A letter of introduction is one given by A to C to introduce him for social or commercial reasons to a friend of the giver B C usually presents it in person together with a card of his own The letter of introduction frequently takes the form of A's visiting card inscribed To introduce C enclosed in an envelope addressed to B This is chiefly done when B knows C from A's conversations or letters and needs no detailed letter of recommendation It might be done too by the head of a college or well known professor commending a student to another well known professor librarian or similar person abroad In this case A and B would know each other by repute and B would assist C confidently by that means of his worth It is more general for A to give C an unsealed letter to B mentioning

the circumstances of the case, any favour he wishes B to grant C, and any facts he thinks will form a bond of interest between B and C. It goes without saying that A should not give the introduction without knowing well both B and C. It is usual for both B and C to let A know the result of their meeting.

### EXAMPLES —

#### (1) *Commercial*

LONDON

25 January, 19—.

MESSRS B GARNIER & Co.,  
Bordeaux

The bearer of this note Mr A., is a young man whom we have known for some time and all we know about him is to his advantage. He is a tolerably good linguist, who being anxious to improve his knowledge of French has made up his mind to proceed to France, and there to seek a situation in which he may perfect himself in your language.

May we venture to enquire whether you have a vacancy in your own office, and if not, whether you could lend him a helping hand by introducing him to some friend of yours who has?

By so doing you would confer a great favour on us, which it is needless to add we shall at any time be delighted to reciprocate.

Yours faithfully

H Cox & Co (144)

#### (2) *Social*.

10, VILLIERS CHAMBERS

NORTH EMBANKMENT, LONDON E.C.,

10 March, 19—.

DEAR FRANK,

Horace Waterford who bears this letter, is an old school friend of mine, now travelling in Italy to collect material and ideas for a projected *History of Mediæval Italian Art*.

With your interest in the subject you can doubtless lend him a helping hand both personally and by introducing him to some of your Italian friends, who are authorities in Italian art matters.

You will find Waterford a brilliant, witty conversationalist, and as he can speak fairly fluently in both French and Italian, he should be a welcome addition to your circle while he is in Rome.

Hoping to hear shortly that you and he are fraternising on your pet subject,

Yours cordially

JACK DELANEY (135)

To Mr Francis Lefevre

7, Via Grande

Rome

## EXERCISES ON LETTERS OF INTRODUCTION

1 Write a reply from Messrs Garner to H Cox & Co

2 Mr Francis Lefevre's letter to Mr J Delaney giving his impression of Mr Horace Waterford

3 Write a letter of introduction for Mr Jas Bowley a friend of yours who is about to visit Glasgow introducing him to your friend Stephen Sutton of High Street Glasgow

4 A few weeks ago a friend of yours Jas Birtles asked you whether you knew of a good foreign correspondent Last week you heard that J T Brown your friend was looking for such a vacancy He has had good experience of such work and you can speak highly of his efficiency and integrity Write a letter of introduction for Mr Brown to Mr Birtles

5 A Melbourne friend of yours is on a visit to England and he is anxious to secure a position as wool buyer in Australia for a Yorkshire firm Give him a letter of introduction to a Bradford woollen manufacturer whom you know

**Letters of Recommendation** are not as a rule given to the person recommended but are sent confidentially to the prospective employer In cases of formal application for competitive posts letters of recommendation have to be appended In that case they are sent direct to the person whom they recommend They should be written in as temperate a style as possible Only those qualities which affect the candidature should be discussed and any weakness or defect mentioned so that the new employer may guard against it The practice of giving to indifferent employees a good recommendation to get rid of them easily or for the apparently better motive of giving them another chance is pernicious The truth about good and bad qualities alike should be told

## EXAMPLE

10 FINSBURY COURT E C

18 September 19—.

To L BARNES Esq

Patent Agent

201 Chancery Lane W C

DEAR SIR

In reply to your letter of to day's date asking whether my clerk Robert Mackay is in my opinion qualified to assist your draughtsman and to do a certain amount of general office work I am pleased to say that during his year's employment here he has given me every satisfaction his work being quick precise and accurate I find him intelligent and capable easily dealing with any new type of work given him To his ability in

draughtsmanship I cannot testify as he had no practice here. He has, I believe certificates and evidence of good technical training therein. I should have done my best to persuade him to remain with me, had I not thought the change to a more suitable employment the right thing for him. He was unable to bear of such a post as yours a year ago.

Assuring you that in selecting Mr Mackay, you will be making a valuable addition to your staff.

I am

Yours faithfully,

For Lewis & Co.,

H FINBERG Manager (190)

A recommendation not written directly to an employer is neater if written in the third person —

Mr H Finberg Manager for Lewis & Co., 10 Finsbury Court, E.C., has pleasure in testifying to the character and ability of Mr Mackay, his employee during the year September 19— to September 19—.

Next follows a statement of his qualities

### EXERCISES ON LETTERS OF RECOMMENDATION

1 Write as Mr John Mann senior partner in the firm of Messrs Mann and Colborne of Broad Street Birmingham a testimonial in favour of Mr A Swiftsen a horthand typist clerk who is leaving the firm's service stating Mr Mann's personal appreciation of the clerk's character and ability.

2 Write a letter asking for a cashier's reference and a reply thereto.

3 A gentleman recommends to a friend his groom gardener, who wishes to be groom only. Draft the letter.

4 Write a letter from the Principal of a Commercial College recommending one of the girl students as typist in a copying office.

5 (a) Draft a general testimonial given by the Head of an Arts and Crafts School to a boy who wishes to be an improver in High class Bookbinding.

(b) Write an appreciation from the boy's employer six months later.

**Letters of Application** — In many cases it is unnecessary for the applicant to send a formal letter of application. For many posts, printed application forms are used so that the comparative qualifications of applicants appear at a glance to those selecting. If no printed form is available, the applicant should himself make a ruled tabular form, using these or similar headings —



- |   |   |
|---|---|
| 1 Name and personal particulars   | { Name<br>Address { Permanent<br>Temporary    |
| 2 Present Employment  |   |
| 3 Past Employments  | { Durations<br>{ Names and addresses of firms |
| 4 Salary required   |   |
| 5 Special qualifications for post advertised  |   |
| 6 Names and addresses of persons giving the appended testimonials (three a minimum, unless otherwise specified) |   |
| 7 Names and addresses of persons from whom further testimony can be obtained (Not more than three)              |   |
| 8 Typewritten copies of testimonials required   |   |

This tabulated form should be enclosed in a short letter —

18, NEW STREET ISLINGTON N,  
9 September, 19—.

1 enclo —Application form

To MESSRS A B & Co  
10 Newgate Street E C.  
GENTLEMEN

I herewith apply for the post of sales agent advertised in to day's *Daily Telegraph* I enclose a list giving full particulars of myself my experience and qualifications Assuring you that, if selected, I shall try to give you complete satisfaction,

Yours faithfully,  
WILLIAM HUGHES. (64)

### EXERCISES ON LETTERS OF APPLICATION

Write letters of application in answer to the following advertisements —

1 Required, by one of the largest Canadian land and investment companies, gentlemen who are well connected, to act as agents Ex military, naval, or University men who have visited Canada especially suitable Liberal terms offered —Address, first instance, L A, Box 2406, Postal Department, *Daily Telegraph*, Fleet Street E C

2 Excellent opportunity for good wholesale hardware house to take Sole Agency (for Midlands or part) of British made patent retaling 2s 6d and 3s 6d, usable wherever there is a floor to clean —Address S and S, Box 2533, Postal Department, *Daily Telegraph*, Fleet Street, E C

3 Assistant manager wanted, for old established exhibition, traveling in North of England Permanent position for competent man Must have clean record, good appearance, and education. —Address, stating age, remuneration required, and full particulars, experience and qualifications, &c, R, Box 2257, Postal Department, *Daily Telegraph*, Fleet Street, E C

4 Shipping clerk wanted for export tea packing warehouse Must be very accurate and quick worker Useless applying unless had experience

of similar work — Address giving age particulars of experience and salary expected A P Box 2671 Postal Department *Daily Telegraph*, Fleet Street E C

5 Wholesale Stationery — Jacobsen Welch and Co (Ltd) invite applications from experienced gentlemen (only) for position as country traveller on good and well established ground where a large return is made. Must be acquainted with the class of goods manufactured at Newton Mill and be capable of earning a good salary. Apply in writing with full particulars (in absolute confidence) marked Private to Jacobsen Welch and Co (Ltd) Newton House 1st Waterloo Square London E C

6 Camp Sergeant wanted for the tropics with superior training and experience of pitching tents in the field at Durbars etc. Must thoroughly well understand the construction setting and repairing of the best Indian military and civil tents. Address stating age full details of experience and training wages required (fare and rations abroad will be provided) C Box 2763 Postal Department *Daily Telegraph* Fleet Street E C

7 Assistant wanted by export agent. Must write and speak Spanish and have actual experience of bookkeeping — Address stating experience and salary A C Box 2675 Postal Department *Daily Telegraph* Fleet Street E C

8 England — Young German Engineer well versed in business with a perfect knowledge of the English language acquired through many years residence in England wanted by an important German concern for representation in England. Previous to being attached to the sales organisation in London the candidate will pass a course of instruction of some months duration at the Berlin head office. Applicants having visited an engineering University and being self reliant of a firm character and of good address and desiring to secure a permanent position offering good prospects are requested to forward their application with copies of testimonials and full particulars as to their education and experience enclosing also photograph and stating salary expected to C P 5919 care of Hausenstein and Vogler A G Berlin W 8

**Letters of Enquiry and Information** — These are amongst the commonest type of business letters. They include many varieties: enquiries by commercial houses as to the financial standing of prospective customers, or by banks as to that of prospective depositors; enquiries as to prices requests for estimates and tenders; and a multitude of general enquiries, such as the following — A parent enquiring about schools; a society asking a lecturer for lecture lists and open dates; an author seeking to place his MS with a publisher; a tourist enquiring of travel agencies or railway companies for particulars of tours.

Enquiries as to the financial standing of a customer are not, for obvious reasons, always made of the persons quoted for reference. It is common for a firm to subscribe to some reliable

mercantile enquiry agency, through the medium of which is obtainable prompt, reliable, and secret information as to the standing of would be customers

In this case, correspondence is carried on by means of printed forms. Letters of enquiry are marked *Confidential* or *Strictly Private*, and, in some cases, the name of the person is enclosed on a slip to be destroyed on receipt of the letter, the addressee in his answer speaking of the person as "the person about whom you enquire."

### EXAMPLE —

#### (1) *Enquiry re Financial Standing of Firm*

*Confidential*

THE UNIVERSAL SUPPLY CO. LTD.,  
MANCHESTER

10 August 19—

TO MESSRS GREY BROWN & CO

London

GENTLEMEN,

Messrs White & Co. of Liverpool desire to enter into business relations with us, and have given us your name as a reference

We should esteem it a favour if you can give us such information regarding their financial stability as to enable us to decide whether we may give them credit to the extent of £500

You may rest assured that any particulars with which you may favour us will be treated as strictly confidential, and that we shall willingly render you a similar service should occasion arise

Yours faithfully

T JONES,

Managing Director (112)

#### (2) *Favourable Answer to Same*

*Confidential*

LONDON

11 August 19—

TO T JONES ESQ

The Universal Supply Company, Ltd.,  
Manchester

DEAR SIR,

In reply to your enquiry of yesterday's date regarding the financial standing of the firm about which you enquired, we have much pleasure in stating that we have had business relations with them for the past twelve years and have always found them prompt in payment, trust worthy, and reliable

We have therefore no hesitation in advising you to grant them credit for the amount stated

Yours faithfully

GREY BROWN & CO (87)

(3) *Unfavourable Answer to Same**Confidential*

LONDON,

11 August, 19—.

To T JONES Esq

The Universal Supply Company, Ltd,  
Manchester

DEAR SIR,

In answer to your enquiry of yesterday's date I regret to say that I can give no favourable information about the firm mentioned, and am astonished that our name was given as a reference

Yours faithfully

GREY, BROWN &amp; Co (56)

(4) *Request to Architect for Estimate*

' HOMELANDS "

PINIONS,

HIGH WYCOMBE,

BUCKS

1 September, 19—.

To MESSRS DANVERS &amp; VERNON,

Architects

100 Victoria St

Westminster S W

GENTLEMEN

Will you kindly submit me design and estimate for a timbered house and garage to be built on a recently purchased freehold plot 120 ft by 20 ft, at Gerrard's Cross Bucks?

I believe, by the house of your design I lately saw at Northwood that you are particularly skilful in designing such houses and should like fixtures similar in design, though with differences in design of carving, to those in that house—viz solid oak staircase floorings, mantelpieces, window recesses and frames gable ends and doors

The house should have the latest domestic conveniences such as a teak wood sink inset gas stove and kitchen range and hot water apparatus of latest design. I should be prepared to spend from £2000—£2,500 on the house and garage

Awaiting an early reply,

Yours truly

WM WALLIS

(157)

## EXERCISES ON LETTERS OF ENQUIRY

1 What method does a firm generally adopt to ascertain the financial position of a fresh customer?

2 Write a letter to Johns & Co, White Street Birmingham, as from Moses & Co, of Walpole Street Liverpool, asking for information in regard to the business standing of Credit and Co, Glasgow, and asking whether credit to the extent of £450 may be ventured

3

THE ROOKERY, WIMBLEDON,  
10 August, 19—.

DEAR SIR,

I have a son, aged 10 years, for whom I am anxious to find a good boarding school. From what a friend tells me, I think your establishment would answer the purpose in view admirably. Would you kindly send me full particulars, including the lowest inclusive fee per quarter, and oblige

Yours truly,

CLEMENT THOMAS (72)

THE REV M WILMOT,

The Grammar School, Wells, Norfolk

#### NOTES FOR REPLY

School healthily situated, easy train journey from London, special attention devoted to juniors. Three Resident Masters and a qualified Matron. Sea bathing. Liberal education suited for commercial life. In consequence of endowment, reduced fee can be charged, viz 30 guineas per annum for boys over 12. 25 for boys under, with slight extras. Small entrance fee. Good references. Three terms.

4. Write a letter asking for particulars of a chauffeur who has applied to you for a situation. (Particulars — Character. Sobriety. Honesty. Clean Licence. Engineering ability. Experience.)

**Circular Letters** — When a firm has a matter of general interest to communicate, it circularises the people interested or likely to be interested. The circular letter it sends out should be carefully prepared, so that it shall not be fore doomed to the waste paper basket. It should be attractive in appearance, well printed, and the opening paragraph should give a hint of the importance of the contents, so that the letter will not be thrown aside. Circular letters deal with such matters as the establishment or extension of a business, the change in constitution of a firm by the death, retirement, or admission of a partner, its amalgamation with other firms, or its conversion into a limited company, the change in policy of a firm, departments added, substituted, or dispensed with, prices of goods increased or decreased, alterations made in staff, change in representatives, the calling together of a bankrupt firm's creditors, notice of power of attorney granted to a firm's representative.

## EXAMPLES —

(1) *Disposal of Business*

90 HIGH STREET,  
WATFORD  
HERTS

March 19—

SIR OR MADAM,

I beg to inform you that on retiring from business, I have disposed of my Grocery Provision Wine and Spirit Business to Messrs Wright Bros of St Albans who have there carried on for many years a similar business with great success

Confident that they will merit the kind patronage you have extended to me for so many years,

I am

Yours faithfully

LAWRENCE KING

(2) *Alteration in Departments*

110 WESTBOURNE GROVE,  
LONDON W

4 October 19—

DEAR MADAM

We herewith notify you of our intention to close our Haberdashery Department and extend our Ladies Tailoring and Dressmaking Department owing to the increased demand for our costumes and dresses. We find that owing to our limited space and the impossibility of acquiring adjacent premises we cannot carry on both departments satisfactorily. We have put in hand alterations to the back of our premises to provide additional work room and show room accommodation and engaged an expert cutter of long West End experience. The newest model gowns will be shown in windows to be specially constructed for the purpose.

Hoping that you will continue to favour us with your kind patronage

Yours faithfully

SCOTT AND LEWIS

## EXERCISES ON CIRCULAR LETTERS

1 Draw up a circular letter announcing a change in a firm on account of the retirement of a partner

2 Draw up a circular letter announcing that Thos Smith has admitted his son into the business which will be henceforth known as Thos Smith & Son

3 Draw up a circular letter to customers notifying a decrease in the prices of your goods

4 Mr A Colborne junior partner in a firm is retiring on account of ill health. Mr Mann has purchased Mr Colborne's interest and has arranged to introduce his son into the business and together they will trade under the name of J Mann & Son. Draft a suitable circular letter

to despatch to customers informing them of the changes, and soliciting a continuance of their patronage

5 Write a circular letter to customers, announcing the closing of the Birmingham branch of your business, and the opening of new premises in Liverpool and in Manchester

**Advertisements** —The advertising side of a commercial house is important in these days, when even old established firms do not despise that means of extending their business. In many cases the advertising is entrusted entirely to advertising agents, who have the advantage of specialist skill and of practical knowledge of the advertising medium best suited to the case. Some firms, however, realising that their advantage over the agent is a perfect knowledge of the character and circumstances of the thing advertised, do all but pictorial advertisements themselves. In such a case, the preparation of advertisements, whether directly for newspaper advertisement columns, or indirectly for paragraphs in the body of the paper, or whether by means of circulars or catalogues, is an important section of the office work. Dealing with replies to them also provides a good deal of clerical work, and the advertisement should be drafted so as to avoid all unnecessary enquiries. Again, the principal point of the advertisement should appear at a glance. One is astonished when taking up a newspaper, at the columns of advertisements beginning in a uniformly vague way, such as *Required Lady, Smart, Experienced*, when the weary searcher is expecting to find as the first word *what* is required, *eg* **LEDGER CLERK, FOREIGN CORRESPONDENT, TRAVELLER, ENGINEER, STENOGRAPHER.** The important words in the advertisement should be in capitals, so as quickly to catch the eye of the searcher. If a post is advertised, the employer should state so clearly and comprehensively his requirements, that dozens of unnecessary applications need not be received.

In the case of *Circulars*, care should be taken to make them as brief as is consistent with completeness. The matter should be broken up into short paragraphs, according to the points treated. *New features of the goods must be emphasised*, and the shortcomings of similar goods hitherto on the market summarised without exaggeration. The better tabulated the circular, the more sure it is of a reading.

## EXERCISES ON ADVERTISEMENTS

1 Reply to the following advertisement, draw an envelope and properly address it to the advertiser —

**BOY OR GIRL CLERK** wanted Good handwriting and quickness at figures essential References required —Clark, The Market, Derby

2 Write out clearly, from the notes below the reply to the following letter —

14, CHARLTON ROAD, SANDERSTEAD,  
10 August, 19—

DEAR SIR

As I see from an advertisement in one of the daily papers that you have a Drapery business for sale in Kent I shall be much obliged if you will favour me with particulars of the same

Yours faithfully,

SYDNEY JACKSON

To Mr Herbert Burrows

Auctioneer and Business Broker,  
10, Moorgate Street E C

## NOTES FOR REPLY

The business comprises a Grocery Drapery and Outfitter's business. Situated at Maidstone Takings last year £3500 roughly Has been established 100 years and in same hands 20 years Premises comprise 3 shops all adjoining 7 rooms nice yard garden, stabling and store houses Price including all fixtures horse and van and stock, £950 About £400 of purchase money could remain Will bear investigation Owner retiring

3 Write out clearly from the notes below a reply to the following letter —

14, BUSH LANE, ENFIELD  
24 June, 19—.

To Mr JOHN G JACKSON,

14 North Street,  
Reading

DEAR SIR

On reading through the columns of *The Berkshire Herald*, I notice that you have a Confectioner's Tobacconists, and Newsagent's business for sale in Berkshire, and shall be much obliged if you will send me particulars of the same

Yours truly

FRANK EDMUNDS

## NOTES FOR REPLY

Price asked £200 which includes all stock and part fixtures and fittings Books kept trial allowed Rent £35 Round of about 160 customers Shop 4 rooms large store and back entrance situated in Palmer Street (23), Reading Can be looked over by appointment Taking about £15 a week Can easily be increased by canvassing



4 Write letters replying to the following advertisements —

(a) A well fitted, detached, non basement **RESIDENCE TO BE LET, ST. LEONARDS**, overlooking sea, chalk soil 3 reception, 8 bed and servants', billiard, garage, conservatory Large garden surrounds Newly decorated modern drainage, electric light, central heating Immediate occupation Golf, tennis £150 p a A B C, Agents, St Leonards

(b) **MILK, S W LONDON**, unopposed position Same hands 21 years Selling 150 gallons daily, nursery milk, highest prices 6 pams £50 weekly Shop double fronted marble fitted First class dairy produce Rent £80 long lease £2000 includes all A B C, Agents S W

5 Draft an advertisement, including the following particulars Owing to continued illness you are anxious to sell your motor car, Argyll, 12 horse power 1912 Two seater, with Victoria body and leather hood Double and single dicky seats Nicely finished in polished walnut, and in first class running order £450 would be taken Ready for immediate delivery All accessories A wonderful bargain in every way Apply The Motor and Carriage Co., Ltd, Long Acre London, W C

6 Write in correct style an answer to the following advertisement from *The Nation's Needs* Sign the letter as from S Tunnichiffe 133, The Parade Southport

**WANTED —CLERK**, about 17 for office and general work State full particulars Address A 96

7 Draft an advertisement for a secretary and reply to same

8 Draft an advertisement in respect to some newly invented goods Write a letter to a newspaper asking for terms for insertion also reply

9 Draft a circular concerning a new varnish Word limit—200

## TRANSACTION I

Letters and documents connected with House Insurance.

(1) *Asking for particulars of Insurance*

FORDHOUSE

LOVE LANE PINNER

5 December 19—

DEAR SIR

I am desirous of effecting an insurance in your Company of my house and furniture at above address and shall be glad if you will kindly forward me the necessary forms

Yours truly

DONALD GREY

The Manager

L—— Assurance Corporation

London E C

(2) *Reply to No (1) enclosing Proposal Form*

BONUS YEAR 19—  
Life Department

ALL PARTICIPATING LIFE POLICIES EFFECTED DURING  
THE CURRENT YEAR WILL RANK FOR BONUS AT THE  
VALUATION TO BE MADE ON THE 31 DECEMBER 19

FIRE DEPARTMENT  
D Thomas Manager

TELEGRAPHIC ADDRESS  
SAFEGUARD LONDON

L—— Assurance Corporation

London E C

TELEPHONE NO 4  
LONDON WALL 39 8 & 9

6 December 19—

DONALD GREY Esq

Fordhouse

Love Lane

Pinner Mdx

DEAR SIR

We are duly in receipt of your favour of 5th inst and have pleasure in enclosing proposal form If you will kindly fill up and return same the matter shall have our immediate attention

Yours faithfully

D THOMAS

Manager

(3) *Forwarding Proposal Form filled up*

FORDHOUSE

LOVE LANE PINNER

7 December 19—

DEAR SIR

I am in receipt of your favour of 6th inst enclosing proposal form which I now return duly filled up

I shall be glad to hear that you are holding me covered in the mean time

Yours truly

DONALD GREY

The Manager

L—— Assurance Corporation

London E C

## (4) Proposal Form complete

# The L—— Assurance Corporation, FIRE, LIFE, ACCIDENT, BURGLARY AND MARINE

Head Office LONDON E.C.  
Telephone Nos Wall 3918 and 9

(TOWN)

## PROPOSAL FOR FIRE INSURANCE

Full Name of Proposer	DOALD GREY
Address	Fordhouse Love Lane Pinner
Profession or Trade	Merchant

On the Building of a private dwelling house built of brick and roofed with slates situate Fordhouse Love Lane Pinner Middlesex	Sum to be Assured £1200
On Household Goods and Personal effects of every description including China Glass Looking Glasses Jewels Clocks Watches Trinkets Medals Curiosities Engravings Drawings Prints Paintings Works of Art Sculptures Musical Mathematical and Scientific Instruments but excepting any Pictures or other Works of Art which are specially insured (no one Curiosity Picture piece of Sculpture or other Work of Art hereby insured to be deemed of greater value than £40) all belonging to and in the private use of the Insured or members of his family or domestic servants in the afore said Dwelling House	£800
Memo—The Property insured by last item to be held covered to the extent of 10 per cent of the amount insured thereon whilst the same is temporarily removed to any other private Dwelling House Lodging House Hotel Club Bank or Safe Deposit (not being part of a Furniture Depository) in the United Kingdom	
On Trade Fixtures and Fittings (exclusive of Plate Glass and Plate Glass Fronts)	£—
On Plate Glass and Plate Glass Fronts	£—
On Stock and Utensils in Trade	£—
On Goods in Trust or on Commission (for which the Proposer is responsible)	£—
On Building of Stable and Coach House under one roof or communicating with each other built of _____ and roofed with _____ situate _____	£—
On Horses (no one in case of loss to be deemed of greater value than £40) Carriages Harness Stable Utensils and Fodder thereon	£—
On One Year's Rent of said buildings in proportion to the Sum insured on each	£—
	£2000

## QUESTIONS TO BE ANSWERED BY THE PROPOSER

1—Is there near the premises above referred to any risk other than a Dwelling House? If so give particulars	No
2—Are you already insured with this Office? If so state Number of Policy	No
3—Has your Insurance been declined by any Office?	No
4—Have you ever had a loss by fire? If so state particulars	No
5—Who recommended you to apply to this Office?	D Newton Solicitor Pinner

Signature of Proposer

DOALD GREY

(5) *Reply to No (3)*

BONUS YEAR 19—  
Life Department

ALL PARTICIPATING LIFE POLICIES EFFECTED DURING  
THE CURRENT YEAR WILL RANK FOR BONUS AT THE  
VALUATION TO BE MADE ON THE 31 DECEMBER, 19—

FIRE DEPARTMENT  
D Thomas Manager

TELEGRAPHIC ADDRESS  
SAFECLALD LONDON

TELEPHONE NOS  
LONDON WALL 3015 & 2

L—— Assurance Corporation  
London E C  
8 December, 19—

DONALD GREY Esq  
‘ Fordhouse  
Love Lane  
Pinner Mdx

DEAR SIR

*re Fire Insurance £2000*

Your proposal form duly filled up is to hand. On the receipt of the premium £1 16s we shall have pleasure in holding you covered pending the preparation of the policy

Yours faithfully  
D THOMAS  
Manager

(6) *Premium Forwarded*

FORDHOUSE  
LOVE LANE PINNER  
9 December 19—

DEAR SIR

Enclosed please find my cheque value £1 16s in payment of premium on Fire Policy No 5942631

Noting that you hold me covered from to days date

I am  
Yours faithfully  
DONALD GREY

The Manager

L—— Assurance Corporation  
London E C

(7) *Policy of Insurance*

THE L——— ASSURANCE.

*Head Office London E C*

---

*Fire Policy No* 5942631

---

*Name* D GREY

---

RENEWABLE AT CHRISTMAS 19—.

---

In order to avoid misapprehension the Insured  
is requested to read this Policy and Conditions

# THE L ——— ASSURANCE

INCORPORATED BY ROYAL CHARTER, 1720.

No 5942631

FIRST PREMIUM.

To 25 December, 19—

£1 16s.

SUM INSURED:

ANNUAL PREMIUM.

£500

Payable at 25 December,

£1 14s

**This Instrument or Policy of Insurance Witnesseth,**  
THAT UPON DONALD GREY, of "Tidhouse" Love Lane, Pinner, Middlesex,  
Esq., Merchant (hereinafter called the Insured) paying to the Corporation of  
THE L ——— ASSURANCE (hereinafter called the Corporation) the sum of  
One Pound Sixteen shillings for Insuring against Loss or Damage by Fire, as  
hereinafter mentioned the property hereinafter described in the sum or several  
Sums following viz. —

- £500** *on Household Goods and personal effects of every description, including China; Glass, Looking Glasses, Jewels, Clocks, Watches, Trinkets, Medals, Curiosities, Engravings, Drawings, Prints, Paintings, Works of Art, Sculptures, Musical, Mathematical and Scientific Instruments, but excepting any Pictures or other Works of Art which are specially insured (no one Curiosity Picture, piece of Sculpture or other Work of Art hereby insured to be deemed of greater value than £40), all belonging to and in the private use of the Insured or Members of his Family or Domestic Servants in his Private Dwelling House and domestic offices all communicating, brick built and slated, situate and being as above*
- £1200** *On building of the said Dwelling House and domestic offices.*

**£3000**  
**MEMO**—The Property insured by the 1st item is held covered to the extent of Eighty Pounds (£80) whilst the same is temporarily removed to any other private Dwelling House, Lodging House, Hotel, Club, Bank or Safe Deposit (not being part of a Furniture Depository) in the United Kingdom.  
The protection hereby afforded to property temporarily removed applies only if, and so far as such Property is not otherwise insured.  
In case of loss at the Insured's Private House the amount insured on the contents thereof, shall be the total sum insured thereon less the value of the Property temporarily removed to other places, and covered by the preceding clause but not exceeding the maximum sum specified as applicable thereto.  
N.B.—Property belonging to visitors is not covered unless a separate sum be specially insured thereon.

The Corporation hereby agrees with the Insured (but subject to the Conditions hereon and to the Conditions printed on the back hereof, which are to be taken as part of this Policy) that the Capital Stock, Estates, and Securities of the Corporation shall be liable to pay or make good unto the Insured any Loss or Damage by Fire to the Property above described which shall or may happen after payment of the premium at any time between the Fifth day of December, 19—, and Four o'clock in the afternoon of the Twenty fifth day of December, One Thousand Nine Hundred and ———, or before Four o'clock in the afternoon of the last day of any subsequent period in respect of which the Insured shall pay, and the Corporation shall accept, the sum required for the renewal of this Insurance, to an amount not exceeding in respect of the matter or matters above specified the sum or sums set opposite thereto respectively, and not exceeding in the whole the sum of Two Thousand Pounds.

IN WITNESS whereof the Corporation hath caused its Common Seal to be hereto affixed, the Twelfth day of December, in the year of our Lord One Thousand Nine Hundred and ———

Edw J G L

By Order of the Court of Directors,

T. ROBINSON,

Secretary

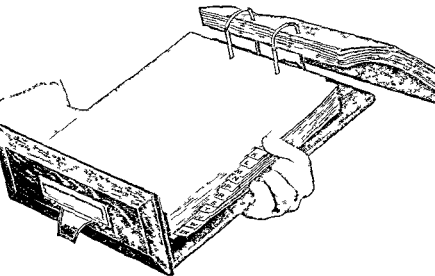
## CHAPTER II

### FILING SYSTEMS—LETTER COPYING DUPLICATING AND INDEXING

*(According to the systems of The Shannon Ltd.)*

#### Filing Systems

THE rapid expansion of commercial enterprise in the nineteenth century brought about such an increase in the amount of correspondence handled by business houses that there arose a great demand for an improvement in the method and means of dealing with it. Many were the attempts made to solve the



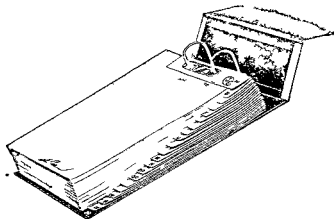
A File open for Consultation

difficulties which had arisen but none met with success for a very long time. At length the problem was solved by a lawyer who invented and patented a file having two arches portions of which were able to swing aside leaving two upright posts upon which perforated papers might be threaded.

This file had qualities which were speedily recognised as valuable by the whole world of commerce. The papers lay one upon another in horizontal position, securely held by the closed double arches upon which the marginal perforation enabled them to be threaded like keys on a ring. Any intermediate paper might be consulted by simply turning the superincumbent papers over the arches on to the further pillars, whereupon the paper required lay plain and flat before the reader.

If it was desired to insert another sheet, a slight pressure sideways on one of the arches swung both of them away from the posts upon which the lower papers lay, giving immediate access to the file in the part required.

Papers were filed either alphabetically or chronologically, and when the files were filled the mass of papers and indexes



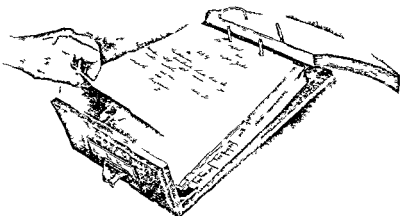
A Transfer Binder

were transferred bodily from the file in use to a permanent file of kindred nature made of size and shape to slide into a case which would protect the papers for all time against the ills that befall them, whilst still enabling them to be referred to with ease whenever occasion should demand.

The use of this file spread with great rapidity. It seemed to be perfectly suited to the needs of great commercial houses and Government Departments, and although some minor improvements have been made in the file yet it remains essentially the same to day as it was thirty years ago, and for the purposes mentioned has never known a serious rival.

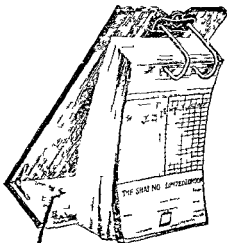


But whilst the needs of merchants and administrative departments were thus met there arose a demand from the



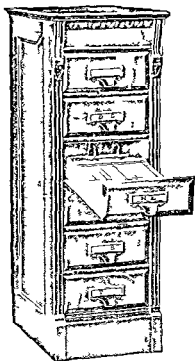
### A File open for the Insertion of a New Letter

great manufacturers and executive departments for a system of

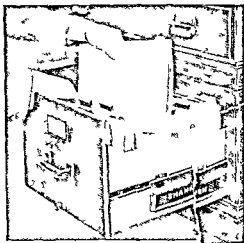


## Security

thing different from this. No system could be better than the above when the reasons using the files were practical all in

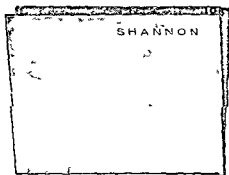


A Lab net



one department or office. But in manufactories and executive departments it was frequently necessary to take them to other rooms, and even to distribute the papers belonging to one subject among those who had portions of the work to do. Afterwards, of course, these papers had to be collected and filed together.

This required a different system, and it was found in the development of the "**Dossier**" method, the placing together in a single folder of all the papers dealing with a single person, firm, or subject—a system that had been in vogue time out of

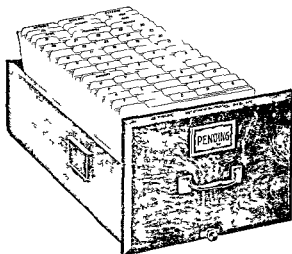


A Simple Folder or Dossier

mind. These "dossiers" had, of course, to be put away when the matter within them became "dead." They were usually tied up in rolls or parcels, and put away on shelves or in cupboards. Then came the **Vertical File** and the **Vertical Filing System**. As long as the "dossiers," or *folders* as they are more generally called, are in the office they are placed vertically in drawers with the open side uppermost. This position is always maintained by the pressure from behind of a sliding stop, a most important feature of the drawer. The inner side of the further leaf of the folder is usually inscribed with the name of the firm or of the subject dealt with by the papers within the folder, and this is made easily visible by the nearer half of the folder being cut rather shorter than the further half, and by the expansion resulting from the presence of the stop. This is the best way of

Next, *guides* made of stout board and rather heavy paper were introduced to indicate the alphabetical order of the folders.

the subject or even the Geographical District to which the folders immediately behind it belonged. In order to prevent confusion by the misplacement of a guide it was necessary to make these a more permanent feature of the drawer whilst giving them the means for forward and backward movement. This was done by making projections on the bottoms of the cards for movement in a countersunk portion of the bottom of the drawer perforating these projections by holes the edges of which are metal reinforced and piercing the holes by a rod controlled by a knob in the front of the drawer. Thus whilst

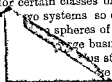


A Vertical File arranged with Alphabetical Daily and Monthly Guides

the folders were readily removable from the drawer the guides would remain.

The system of Vertical Filing has therefore an elasticity about it which is not possessed by the system of **Double arch Files** but on the other hand the **Double arch Files** have a security and a method in manipulation that are immensely valuable for certain classes of work. There is not even rivalry between these two systems so distinct are their special qualities and so different the spheres of their application.

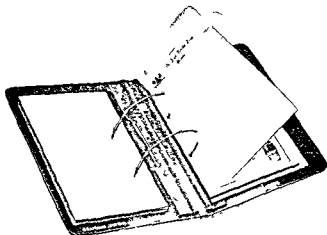
Large business involves the employment of a large staff must either be larger or more efficient than the use of Vertical Filing because of the



risk involved in taking papers away from the filing department. The danger is not so much in the loss of a folder as in the loss of a single paper. Where the whole contents are not to be distributed, but to be kept together, the difficulty is overcome by the use of the Binelace Folder, a folder in shape exactly like those in common use, but having an internal arrangement for binding all the papers securely.

### Recent Developments in Filing

**The Double arch File**—Minor improvements have been made with this file but they are accretions only they do not



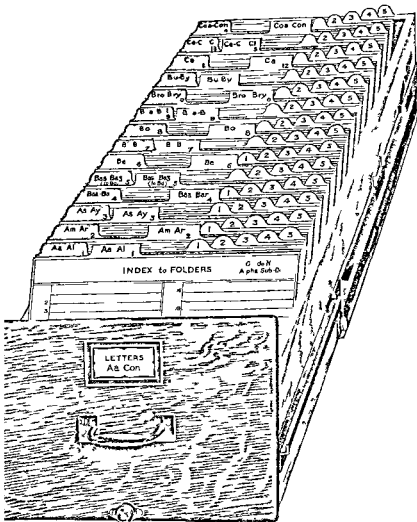
A Flexible File

The arches are made by stout cord fitting into metal posts.

affect the principle. Perhaps the most notable change in the application of that principle has been in making flexible arches so that it could be used in expanding book form, the file itself folding flat within the book. Such a file is usually known as a **Shannon Flexible File**.

Vertical Filing has lent itself more readily to modification and it has done so because of its near relationship to Card Index. In several modern systems for instance there is the use of a combined **Alphabetical and Numerical Method**.

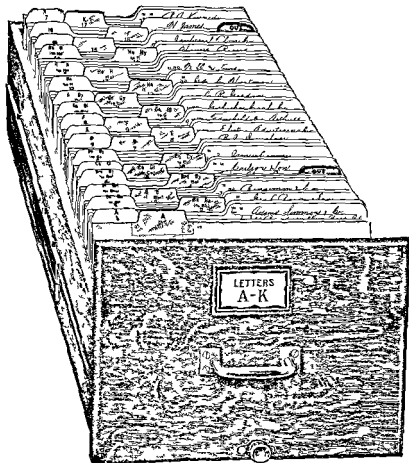
*The Numerical Method is the swiftest and surest way of filing, but it is valueless for finding unless there be a corresponding alphabet.*



This Drawer illustrates the combined Alphabetical and Numerical System a method which is practically proof against errors of Vertical Filing

Red Guides are the guides which indicate where the papers are to be filed. The blue tabs fold out from the corresponding compartments of the subdivisions of the alphabet. Thus John Baker writes you and files his letter in the blue folder with the Ba 1 tab, but when he becomes an active correspondent his letters are placed in a numbered tab divider and his name registered on the index.

The Compensated Guides are of a quality and strength which make them perfectly everlasting and consequently most economical.



Direct Name System of Vertical Filing

*Alphabetical Name Label Guides*—the *signposts*. In two rows 2nd and 3rd positions. Made of heavy pre-stained with glazed tabs to make them practically everlasting.

*Alphabetical Fold-ers* for miscellaneous correspondence. Made of heavy manila. Tabs are at extreme left same height as guides and printed in red. These tabs act as guides in transfer file. The guides themselves are not transferred but used over again year after year. These folders can be scored (creased) in front  $\frac{1}{2}$  in above fold. When full the front drops  $\frac{1}{2}$  in. The back bearing name etc. always remains upright and in full view.

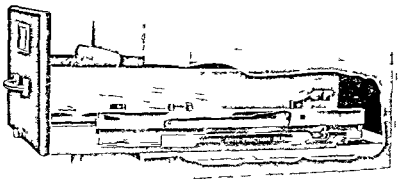
*Direct Name Folders* made of heavy manila. These folders are made out where there is a considerable volume of correspondence with any firm or individual. Tabs as guide height and can be referred to direct with reference to guides themselves. These folders can be scored (creased) in front  $\frac{1}{2}$  in above fold. When full the front drops  $\frac{1}{2}$  in. The back bearing name etc. always remains upright and in full view.

\* *Out Guide*. When a folder is removed for reference the person taking it writes his name on an out guide and puts it in place of the folder. That shows who is responsible for folders removed.

\* *Out guides* are bright red and all at the extreme right. They stand out prominently acting as a good check on removed folders.

This may be kept as a Card Index apart from the Vertical Filing Drawer or the two methods may be combined by making each Guide of the Vertical File serve as the Index Card for the Folders immediately behind it. In addition the guides are usually numbered as well as lettered the accompanying folders being tabbed and also numbered not only like the guide but also with a number of their own. This combination makes a very practical system and works admirably.

A still later development however is the "Direct Name" System, so called because the names on the folders are *directly visible*. There is no Index whatever supplied with this system. Its principle is extremely simple. Alphabetical Guides are provided each guide bearing not only the alphabetical subdivision but also a number corresponding with its order in the



A Light Running Drawer

series. The folders are provided with wide tabs so that there is room first for the number corresponding with the guide behind to which it belongs and then the full name and address of the Correspondent.

*Filing* is done by number the folder being dropped anywhere between the guide to which it belongs and the next guide in the series.

*Finding* is done either directly by name or first by Guide and then by Name.

In practice this is quicker than the combined Alphabetical

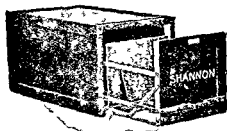


and Numerical Method, and it renders the writing up of Indexes unnecessary

It will readily be understood that a drawer loaded with papers folders, and guides must become very heavy and difficult of handling. But here the inventors have been again at work, and now a drawer, however heavily loaded it may be, can be opened to the full by the pull of a finger nail

### Transferring from Vertical Files

The whole of the contents of a full drawer are transferred to special drawers or boxes which are then properly dated and numbered and stored away



Transfer Case with Metal Follower in position

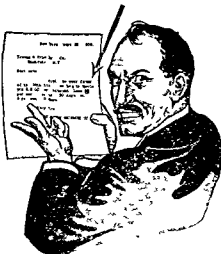
In the case of Alphabetical Numerical and Direct Name Systems, the guides, which have been made of specially strong material for the purpose are left in the drawers for further using. Their place is taken in the Storage Cases by the Miscellaneous Folders which have been in use for miscellaneous correspondence and which are lettered and numbered like the guides

### Letter Copying

Serious minded business men of to day recognise that the copying of their letters plays an important part in the success or failure of their efforts. They know that business concerns are apt to be judged by their methods of which the letters they send out are an indication. Only too often does it happen that letters are sent out creased, smudged or damp, with consequent loss of prestige to the Business House sending them out. But the concern which sends out perfect letters does not always retain equally perfect copies, and the object of this treatise is to show how simple it is to attain both perfections, and how

easily the possibility of error and misunderstanding is eliminated

In describing Filing Systems we have already shown how necessary it is, in order to obtain efficient and smooth working of internal organisation, that the copies of all letters should be filed with the letters they answer. The sequence of correspondence must never be broken, and every letter should be with the copy of its answer. This is impossible with the old screw press and bound books, but it is not the only objection to this method. The copies obtained by a screw press are notoriously bad. A screw press is rarely ready for use. The process of copying is so long that in the rush of mail time it frequently occurs that a letter is posted without being copied, and generally those which are copied are spoilt and smudged. In short, one is dependent on the skill of the office boy for the copying of important letters. If he is in a hurry or unskilled, your letters are spoiled and your copies are bad.



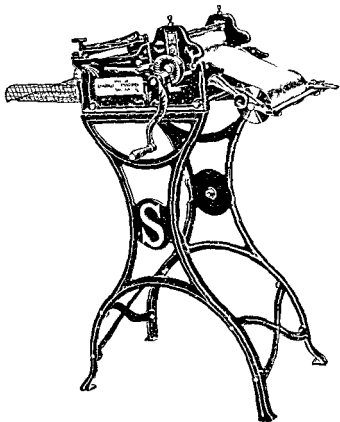
What was that Discount?

A tragedy of the Carbon System which tells its own story

The Carbon System of Copying enables one to keep letters and copies together, but the records of outgoing letters obtained by carbons are copies only in name. They are unsigned, they are generally blurred, and each time a letter is altered, the

carbon copies have also to be altered sometimes this is done, and valuable time lost, but more often than not, these alterations are not made on the copies, and the record of the outgoing correspondence is wholly unreliable.

Of the two methods described above, the screw press is the more effective way of copying. The copies given by the screw



### Copying Machine with Rapid cutting Attachment

press are in every sense of the word true copies and consequently the object of copying is achieved

The best way, however is to employ a **Copying Machine**, of which there are some very efficient and effective types at present on the market. We propose to give a brief description of one of the best known makes.

This machine can be fitted with a rapid cutting attachment to cut a large number of copies all one size at one stroke of the knife. The letters are simply inserted into the machine copied *as many times as necessary, and the next letter is fed in*. The whole process is carried out simply by turning the handle.

One of the chief advantages of the machine is that the copies can be guaranteed to be permanent because no chemicals are necessary in the copying process the entire copying being done by means of a pure paper and water.

The speed of the machine is often as much as forty letters per minute, but naturally varies according to the length of the letters. It should be remembered that although the machine can be fitted with a rapid cutting attachment for cutting all the copies standard size this does not prevent copies longer or shorter from being cut off. Any length letter can be copied and cut just as easily as the standard size quarto. A very important use of the copying machine is that it can copy in coming letters as well as outgoing letters. For instance, a firm with a factory would frequently find it extremely convenient if they could copy an incoming specification and send it direct to the works without checking. This is very easily done with a good copying machine and the possibility of errors is eliminated as well as a considerable amount of time saved.

It goes without saying that, in choosing a copying machine, the ideal is one which is quite simple, which does not blur the original, and which uses water in preference to chemicals.

### Duplicating

As in letter copying there are many ways of obtaining duplicates of letters and circularising matter, and it is difficult to give an adequate description of each method in such a limited

The most recent type of Duplicator prints by means of typewriter type

Object of this machine is to produce letters which are once typewritten and are received by the addressee communications

The Carbo quickly set up by means of the type setter and and copies together, which form the chase of the machine when they by carbons are in the duplicating bed. There is an advantage are generally bl make corrections in the type without undue the Duplicator illustrated this is done merely

by lifting a lever and taking out the bar which contains the error

There is practically no limit to the number of copies which can be obtained, once the type is set up. The ribbon used is

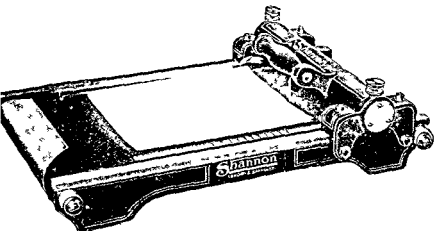
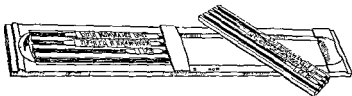


Illustration of Flat Type Duplicator

similar to that used on a typewriter but very much wider. It is automatically set in motion as each copy is taken so that it is evenly used. An interesting feature of the machine is the addressing attachment, which obviates the necessity of having to fill in the name and address by hand or by typewriter when the letters are duplicated. The addressing apparatus consists



Address Holder for use with Shannotype

of four bars fixed together containing the name and address of a client. A large number of these are kept in stock by the firm circularising and an immense amount of time can be saved where circulars are being sent out regularly to the same clients.

It is becoming largely used by firms which require to send

out the same letters at various intervals during the year, but which for various reasons cannot have a larger number of letters printed than are actually wanted for existing requirements. In such concerns the letter is set up once in the bars the required number of copies is run off, and the bars with the set up type are stored until they are again wanted, when they are put back into the machine and further copies taken.

Another important use for the machine is the printing of price lists especially when prices are continually fluctuating, and here the facility which the bars give for rapidly changing any portion of the type is a valuable consideration.

By some concerns however, a stencil machine is preferred, and below is an illustration of the latest automatic **Rotary Stencil Machine**. Every action of this machine, down to the smallest adjustments for inking and timing is automatic.

The duplicated sheets are also automatically blotted as each one is thrown on the tray.

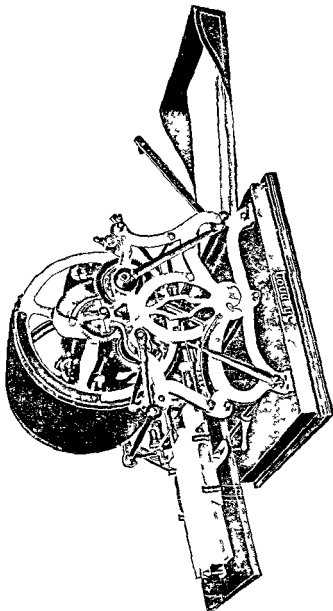
### Card Index.

**Its Origin and Value**—The Card Index System is said to have had its origin in Paris about the time of the French Revolution, but whoever has had anything at all to do with the system will say that there never was a time since men first made records of their accumulated goods when it did not exist. Indeed, Card Index is almost a law of nature, certainly it is one of the inevitable things of store keeping, whether that store be of goods, of books, of knowledge, or of names.

For whenever classification begins divisions must be made in the records and the simplest way of making these divisions is to make a separate and distinct record of each class. If the records must be still more precise in their information, then a further separate record can be made for each unit. When the unit records are assembled in their classes and the assembled classes are brought together to make the whole, then a Card Index has been established.

The principle of Card Index differs from that of other indexes only in that it is a *Unit System* each item, each class, being a separate physical unit whilst other indexes are not separable in time and space. That these units are of thicker or thinner material of flimsy tissue or stout card, does not affect the

principle, the card is merely a matter of convenience Card



Automat e Rotary Stencil Duplicator

Index, then is the unit method of classification a method of

nature, a principle so simple that it is rediscovered every day

And yet Card Index is regarded as a modern method, and one may ask how that comes about. What has happened is, that this *inevitable* system has been applied more wisely, more scientifically, than ever before, and the results have been so very surprising that men come to look upon it as a new thing.

The following advantages are generally admitted —

First, the system is extremely simple, requiring a minimum of apparatus and a very small expense for maintenance.

Secondly it is a live system, all dead matter being periodically eliminated.

Thirdly, it is a very much alive system, because it grows naturally and suits increasing needs, that is to say, if a business increases, the system increases with it, but it is the same system, not a new one.

Fourthly, it is a time and labour saver, because no time or effort is spent upon dead matter, and also because it is easier to finger cards standing on edge in a box than to handle the leaves of a large book.

### Methods of using Card Index.

Card Index is best understood by seeing a few of its applications.

Fig 1 shows an oak tray fitted with a Card Index System. The tab bed cards are called Guides. They are the Guides or Indexes of classification. In front is a guide with a wide tab inscribed "Open Accounts". Further back is another with the words "Closed Accounts". The front portion is therefore a "live" ledger, the rear portion a "dead" ledger.

Every card represents a separate account, and these are arranged behind the alphabetical guides. An outfit like this is intended for any number of accounts up to 400.

Fig 2 shows an application of Card Index to the keeping of records of Real Estate. Note how the guides classify the towns, the streets (with the run of the numbers of the houses, odd numbers on the one side even numbers on the other), and the hundreds numbers. Then observe how the front card is a *unit* card giving every possible piece of information concerning one house, No 124 Alling Place. To assist the eye in rapid discrimination, *colour* is used freely. In this case the "Bristol"



guide would probably be blue the street guides yellow or buff the hundreds guides pink and the cards white.

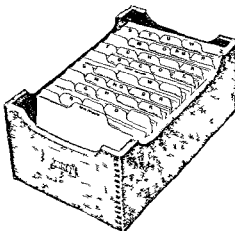


FIG 1

This Real Estate record is a fair sample of simple record keeping The same principle is used for filing information

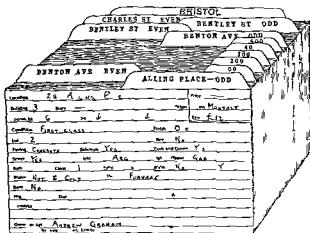


FIG 2

concerning all kinds of things—even matters as diverse as the diary of a Society lady and the physical description and criminal records of the prisoners in our gaols

The next illustration shows a form used by a factory making special machinery

Records of time and materials are assembled from other card forms in use in this concern. The total enables the management to determine whether each individual job has been handled at a profit or not, and provides a basis on which

3301 3350

3251 3300

3201 3250

3151 3200

3101 3150

FOR JOS DENN & CO LTD DATE JAN 7 1905 NO 3100

NO	15	10	5	COST	CHARGE	MATERIAL	LABOR	OVERHEAD
15	1	7	6	1	7	6	1	7
10	1	7	6	1	7	6	1	7
5	1	7	6	1	7	6	1	7

UNDER COST CHARGE

JAPAN 1 3 3 7 6 8

REMARKS

See J & C's CYTER  
DEC 4 1904  
REGARDING IMPROVEMENTS

PROFIT 1 13

to make future estimates. The importance of such a record cannot be over estimated.

Note how the cards are perforated. This is to allow of their being locked in the drawer whenever necessary. There is a flat rod in the bottom of the drawer or box. Usually it is placed edgewise and so does not interfere with the cards but a half turn of a knob in the front turns the rod horizontal and locks the cards.

There seems to be scarcely any limit to the application of Card Index. Here is an instance of its use for collecting over due accounts.

When an account becomes overdue a card is made out recording the particulars and this is placed between alphabetical guides with an indicator adjusted to the due date, so that automatically the account is brought to attention.

## Collecting Overdue Accounts

When an account has been collected these cards are filed in a **Collected** Section, forming a very useful guide for future reference should the account again fall in arrears, and indicating just the pressure necessary to obtain payment

This illustration is interesting because it shows the use of **Signals**. It will be observed that the letter dated 3/5/10

1 2 3 4 5 6 7 8 9 10 11 12 13 14 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

NAME **Knowles Cook & Coy Ltd**  
 ADDR **337 Parkington Rd Kingston**  
 BUSNESS **Advtg Contractors**  
 SPECIAL **Sales Rep 15th Jan 1st Inst**  
 DATE **7/4/0**  
 WE WROTE **Letter A3**  
 DATE **28/4/0**  
 REPLIED **Regret delay promise in 2 wks**  
 DATE **28/4/0**  
 WE WROTE **Reminder B1**  
 DATE **29/4/0**  
 REPLIED **Unable pay till end mo**  
 DATE **2/5/0**  
 WE WROTE **Threatened proceedings**  
 DATE **3/5/0**  
 REPLIED **Pay balance on 24th inst**  
 DATE **4/5/0**  
 WE WROTE **Agreed to wait**

AMOUNT **£ 00 06 3/10**  
 TERMS & LMT **2 1/2 mo £80**  
 LED FO **B 29-17**  
 CREDIT STAMP

promised payment on the 24th inst The signal is placed over the 24th which means that when the 24th arrives this account will not be overlooked

The use of signals is very varied, but usually they indicate the lack of something—either that a stock is run out or that a matter is requiring attention

The next block illustrates what is probably the highest development of Card Index that has yet taken place—the **Shannon Safety Ledger**—a combined Alphabetic and Numeric Method, with Direct reference (In this connection see the corresponding section of the article on Filing)



*This Ledger claims to embrace the best features in combination of all methods used in Card Ledgers, and in a form which overrules every objection to ordinary Card Ledgers*

Briefly, the key of the System is that each guide is in itself created a numerical register of all the cards arranged behind it, whether the basis of the Ledger be Alphabetical or Geographical. There is thus secured instant visible access to any account wanted without reference to any index, but with all the safety ensured by the numerical registration of every account opened.

The 'Shannon Safety Ledger, therefore, is both alphabetical and numerical within each subdivision of the ledger, whatever the classification, and no Name Index is necessary.

In alphabetical arrangement ample subdivision of guides is taken, and the guides are numbered consecutively, each of such numbers forms the control number to the cards filed behind that guide, the Ledger card supplying the terminal unit number printed on its tab. Thus, taking the first section of an eighty division alphabet the guide would be Aa Am 1, and the cards in that division would be 1—1, 1—2, 1—3 etc. With adequate subdivision of guides there should never be more than 10—15 accounts in any one subdivision. The name of the account always identifies the subdivision to which it belongs, irrespective of the card bearing the guide number registered on the right hand corner. Every account as opened is registered immediately on the face of its correct guide card.

Rearrangement of Ledger order is simple and in no way destroys the Self balancing principles so usual now. The transfers are simply debited and credited from one Ledger to another, *viz* Adjustment Accounts.

### Cross Indexing

In business houses it is often necessary to do cross indexing.

For instance, Messrs Dubois, scientific instrument makers, receive information concerning the new alloy Duralumin. It is recognised that the information is valuable, but there is no call for its immediate application. It might possibly serve for certain special castings of the suggested Equatorial Telescope to be erected on Cader Idris, if that proposal—which is at present very much in the air—should ever come down to solid earth. How should the information be dealt with?

The papers are enclosed in a Folder, given a number, and

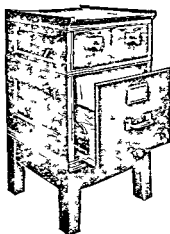
## MODERN BUSINESS ROUTINE

filed in a vertical cabinet a 5 x 3 card bearing that number being made for Duralumin and filed under that name behind the guide for Alloys in a Card Index drawer. Now it is possible that when the designs for this telescope are actually being made the metal Duralumin which has not yet been used by this firm may be forgotten. To avoid that a second card is made out bearing the words "Duralumin for Cader Idris circular castings" and the number of the folder and then filed behind a guide marked "Cader Idris".

What is the result? Whenever there shall be any call for the use of a new alloy or metal whatever that purpose may be Duralumin will receive consideration and further whenever the subject of the Cader Idris Observatory is gone into the value of Duralumin for the circular castings will be taken into account.

### Card Index Furniture and Materials

The principle of Card Index that is the **Unit System**, has been carried even into the Furniture provided for its accommodation.



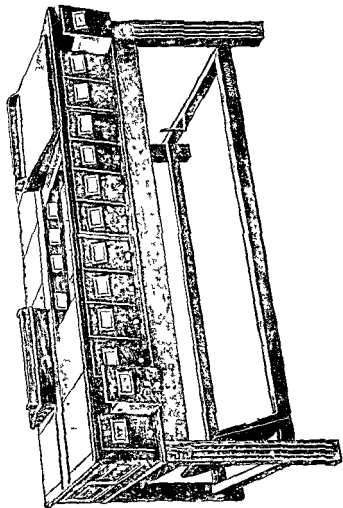
Combining Vertical and Card Index

If Card Index is used on any large scale it is almost invariably supplied in sectional units and these are frequently combined with Vertical Filing Drawers Bookcases and other means of storage.

The Cards themselves need special consideration. They are generally made in three thicknesses *thin medium thick*, and for general use the *medium* is the one chosen. These cards should have a good surface for writing and erasing, be tough so as to resist tearing and be of the same nature throughout—good linen rag.

They should then be cut and tabbed and perforated by machines of precision otherwise disorder will soon reign throughout the system. A difference of  $\frac{1}{2}$  inch will often cause trouble especially in repeat orders.

Many general stationers offer to do this work, and some of them doubtless accomplish it satisfactorily, but the work is



Example of a Shannon Double Ledger Desk—with travelling writing slopes    Capacity of 32 000  
medium weight 5 in. x 8 in. cards

highly specialised, and the safest thing is to go to the specialist and having given the order, see that you get the articles correct to a hair's breadth

## CHAPTER III

### INDEXING AND PRÉCIS-WRITING

**Derivation**—The word 'Précis' is a French word, and is derived from the Latin *præciso*, a cutting off

**Definition**—Précis writing may therefore be defined as the art of cutting off or omitting the less important points of correspondence, and presenting in a continuous or narrative form, a condensed or summarised arrangement of its most important features

**Advantages**—The making of a précis of a series of letters, a report, or a speech, is one of the most useful practices in composition, as the student trains himself to understand quickly the purport of the correspondence, and to arrange in a logical and orderly way a complete, clear, and brief account of it

The ability to make a précis is an advantage particularly to the business and professional man

He is able to reply to correspondence with precision and lucidity, to write telegrams and docket letters with ease, to prepare minutes and reports and draft resolutions, to condense speeches, to prepare sketches, and to write notices. In fact, for everyone the art of précis writing is a valuable attainment

**Indexing**—Indexing and précis writing are closely allied. We *index*, i.e. make a short abstract, schedule or docket, of a single letter, or a series of letters, and give a *precis*, or an abridged account, of the whole of the correspondence

**Definition**—Indexing is the art of presenting briefly the important particulars of letters *seriatim* in a tabulated form

**Hints on Indexing**—The following hints, relating to the making of an index will doubtless prove useful to the student, but too much stress cannot be laid on the fact that, for him to become proficient in this subject, constant practice is necessary, and arrangements ought to be made for all exercises to be corrected and criticised

1 The following ruling is recommended —



No of Letter etc.	Date of Letter	Names of Correspondents.	Subject matter
(1 width)	(1 width)	(2 width)	(4 width)

2 Rapidly scan the whole of the correspondence so as to obtain the gist of it. It is a good habit to underline the important points

3 Always keep two letters ahead of the one you are indexing, as the opening paragraph of a letter generally contains a condensed account of the letter to which it is a reply

4 Number each letter, and afterwards refer to each by its number

5 Treat enclosures as if they were separate letters

6 Copy the date of the letter and the names of the correspondents correctly. Call a person by the same name throughout the index

When there are two sets of dates, *eg* (a) Date sent and date received (a difference of a month or five weeks in some cases), (b) "Old Style" (*ie* Eastern) and "New Style" (*ie* Western) and (c) Date of letter and that of enclosure,—the student should note both, in this way —

Sent 4 May  
Recd 7 June

OS 4 May  
NS 17 May.

7 Write the name of the document, whether memorandum, treaty, or what not, in the third column, *eg* "Extract," "Treaty," "Memo," "Verbal Note," "Telegram"

8 Keep to the *present* tense throughout, as each letter is supposed to be indexed on its date of receipt or despatch. Let the first word be a present participle, such as, "acknowledging," "advising," "asking," "proposing," "demurring," "urging," "concurring," "declining," "requesting," "submitting," "transmitting," "denying," and care should be taken to use a participle appropriate to the relation existing between the correspondents, *eg* a foreign representative of the Government would "submit" certain proposals to his chief, the Foreign Secretary, or "inquire" about something of his chief, he could not be made "to urge," "direct," or "request." The Foreign Secretary would "authorise," "inform," "state," "advise," or "propose"

Avoid such meaningless or vague introductory words as "relating to," "concerning," "referring to," "hoping."

As far as possible it is advantageous to write the index of a letter in *one* participial phrase, wording it grammatically and tersely.

Some students endeavour to write the index in five lines, called a five lined index, and although this practice encourages terseness, such a quality ought not to exist at the expense of omitting important points.

Students may find useful the following instructions given to candidates in this subject by the various examining bodies.

1 Candidates will be furnished with a printed copy of correspondence (usually on some subject of general, public interest) and will be required—

(a) To make a short Abstract, Schedule or Docket of the several letters or other papers,

(b) To draw up a Memorandum or Précis, *i.e.* a brief and clear statement of what passed, not letter by letter, but in the form of a narrative.

2 The object of the Abstract, Schedule, or Docket is to serve as an Index. It should contain the date of each letter, the names of the persons by whom and to whom it was written, and in as few words as possible, the subject of it. The merits of such an Abstract are—(a) to give the really important point or points of each letter omitting everything else, (b) to do this briefly, (c) distinctly, and (d) in such a form as readily to catch the eye.

3 The object of the Memorandum or Précis is to convey to the reader a complete history, in a narrative form, of the circumstances and events to which the correspondence relates in such a manner as to put him readily in possession of all the *essential* facts.

4 Clear and neat handwriting, and clearness and conciseness of expression are essential to success.

**Notes on Précis Writing.**—Bear in mind that the précis is the aim of the exercise, the index being only ancillary to it. The correspondence having been indexed make a précis, using the *past* tense throughout, and beginning with a brief and lucid introduction of the origin of the correspondence under treatment.

The writer of the précis should tell his story in a logical manner from the facts disclosed in the index. The order of the

letters and documents indicated in the index may not be the chronological order of events. Consequently, it is not usually possible or advisable to précis "letter by letter of the index order," but in the order of the *true sequence of events*.

Take, for example, the narration in a standard history. This, as a rule, is a précis of chronicle records, entries in official papers, diplomatic correspondence, but a good historian will not allow his reader to be "fogged" with the details of his sources, nor his style to be spoilt by constant reference to them. He selects, condenses, and puts in order his items of information, so that the reader is attracted and informed by a clear, well written narration.

Similarly, in making any condensation of data, whether commercial, diplomatic, or social, the student must consider it a breach of précis style to talk of the letters and their writers, or weakly to copy down extracts from the correspondence. A selection of such quotations is not a précis. Quotations are permissible, indeed necessary, in the case of ultimatums, agreements, and treaties, which often form the pivot on which the whole of the correspondence turns.

To grasp the relative importance of facts, and to marshal them in due order, is the one aim of précis. It is by no means as easy as it would appear, but it is such a valuable mental exercise that the student should not begrudge for it patience and time, for he will find that in acquiring the art of précis, he has acquired an added power of quick assimilation of important facts in books, from which most of our education is received.

The following division of time for a three hour paper in indexing and précis writing is recommended —

(a) To scan quickly the correspondence, and note and underline the important features,  $\frac{1}{2}$  hour

(b) To index the correspondence,  $1\frac{1}{2}$  hours

(c) To précis the correspondence, 1 hour.

SPECIMEN OF INDEXING AND PRECIS WRITING OF THE COMMERCIAL  
LETTERS OF PAGES 203 204 205

## Index of Correspondence relating to Sale of Shares

No. of Letter	Date of Letter	Names of Correspondents	Subject matter
1	1913 5 Janv	Client & Co to A Broker & Co	Stating that although the E R Mines Co shares had been at the limit viz 3½ no notification of the sale of 500 of them as per order, had been received
2	5 Janv	A Broker & Co to Client & Co	Regretting the impossibility to sell the shares mentioned as 3½ buyers was the highest price
3	6 Janv	Client & Co to Broker & Co	Refusing to accept the explanation of No 2 and requesting a contract of sale of shares
4	7 Janv	Broker & Co to Client & Co	Declining the request of No 3 and giving proofs of the truth of the assertions of No 2
5	8 Janv	Client & Co to Broker & Co	Adhering to their previous version of the dispute which they now refer to the Committee of the London Stock Exchange

**Precis of above Correspondence** — Messrs Client & Co, Hamburg requested Messrs A Broker & Co, London to sell on their behalf 500 E R Mines Co shares at a limit of 3½. Although the shares had touched this price no notification of sale had been received the brokers denying that the shares were ever higher than 3¼. Client & Co, declining to accept this explanation asked for a contract of sale, which the brokers refused to give enclosing proofs in support of their assertions. Messrs Client & Co, unconvinced by these referred the matter in dispute to the Committee of the London Stock Exchange.

## EXERCISES

- 1 What are the objects and uses of making a précis ?
- 2 Why is importance attached to précis writing? What are the requirements of a good précis ?
- 3 Make a précis of the following letter —

GLASGOW  
10 July 19—

MESSRS SPICER & Co ,  
London  
GENTLEMEN

Your favour of yesterday to hand We regret to state that we cannot execute your order at the price quoted The recent rise in the price of raw material has caused a corresponding rise in our manufactured articles

We enclose our latest price list which we hope will meet with your approval

Awaiting your further commands

We remain

Yours faithfully

W DAVIS & SONS (74)

- 4 Rule a form and make an abstract or docket of the following letter —

THE ROYAL MOTOR COMPANY LTD  
SACKVILLE STREET  
DUBLIN  
22 May 19—.

W G SMITH Esq  
Chandos Street Belfast  
DEAR SIR

We take the liberty of informing you that we have acquired the lease of the above premises and trust it will be of interest for you to know that we have one of the finest garages in Dublin capable of accommodating from 40 to 50 cars

The garage being situated in the heart of the city is admirably located for any one doing business here

We have a full staff of experienced mechanics and always keep in stock all kinds of motor accessories

We are also buyers of second hand cars and have a large assortment of cars for hire

Being in a position to meet all your requirements we respectfully solicit your patronage and assure you at all times of our prompt and careful attention to your valued commands

We are

Yours faithfully

for The Royal Motor Co Ltd

E SANDERS  
Manager (163)

5 Make a short précis of the following letter —

12, VICTORIA STREET,  
LONDON, W C,  
4 May, 19 —.

G EMERY & SONS

Church Street, Maidstone

DEAR SIRs

Your circular came duly to hand and we feel inclined to open an account with you especially as we have great reason to be dissatisfied with our present agents in Birmingham

You will therefore send us by way of trial, the undermentioned goods. Let them be carefully packed and forwarded per L & N W Railway —

2 gross of razors @ 18/ per doz

10 doz knives @ 7/1 per doz

If we are satisfied with this order we hope to place with you shortly a more considerable one

We are

Yours faithfully,

EVANS & ALLEY. (111)

6 How is a knowledge of précis writing especially valuable to a business man?

7 What are the chief rules to be observed in making a précis?

8 Make a précis of the letters on pages 201 to 209

9 Make a précis of the following matter being careful to condense as much as possible. Provided that no salient point is missed, the shorter the précis the better

(a) WOOL (Bradford) — Although there is not a great amount of new business either in tops or yarns there is rather more than last week. Values are shade firmer but quotations show no change. Top makers are making a firm stand against any further decline, and improved Balkan situation is strengthening their hands. Cross bred spinners are having less difficulty with regard to particulars. Home wools are little firmer.

(b) THE BANKS AND GOLD HOLDINGS — With regard to the question referred to a few days ago of the great joint stock banking institutions accumulating a larger cash reserve independent of those held at the Bank of England the idea seems to be that this movement will first be indicated in their monthly statements of position. Instead of cash in hand and at the Bank of England figuring as one item as at present there will be two items, one showing the quantity of cash in hand and the second the quantity held at the Bank of England. This is the plan that is supposed to have been informally discussed.

(c) MEXICO NORTH WESTERN POSITION — We understand that the directors of the Mexican North Western Railway will shortly issue a circular explaining the circumstances in which it is proposed to defer payment of the half yearly interest due September 1 on the First Mortgage Bonds. When the Prior Lien Bond issue was arranged last January the directors explained that the proceeds

would "pay off the existing floating debt, meet the coupons on the First Mortgage Bonds coming due in March next and provide for the general purposes of the company" Nothing was said about any further coupons, and as the disturbed state of Mexico is still hampering the company's operations, it is perhaps not surprising that the next coupon is not to be met. The Prior Lien issue sufficed to tide over the temporary embarrassment of the company, but the directors did not apparently contemplate that the political disturbances would last so long.

- (d) LIVERPOOL GRAIN (WHEAT)—Quiet trading transpired in spot prices, without change in quotations. The demand since the holidays has been slow, and prices displayed an easier tendency, closing generally  $\frac{1}{2}$ d to 1d per cental below previous week, Australians remaining steady and unchanged. Wheat futures, after opening  $\frac{1}{2}$ d per cental dearer, weakened and closed easy at  $\frac{3}{4}$ d per cental lower. The market throughout the week continued to move in a downward direction, and closed with a loss of  $1\frac{3}{4}$ d to  $1\frac{1}{2}$ d per cental, closing October 7s  $1\frac{1}{2}$ d, December 7s  $1\frac{1}{2}$ d. Cargoes quiet, unchanged. The demand during the week was poor, and in the absence of business prices occasionally favoured buyers. Parcels quiet and easier. Since the holidays easier prices prevailed, with light trading closing quotations being unchanged to 6d per quarter lower than last week.

- (MAIZE)—Spot parcels were firmly held at full prices for Yellow Plate, but American mixed occasionally higher and European unchanged. A moderate consumptive business transpired in the week, and Yellow Plate ruled firmer, closing  $\frac{1}{2}$ d per cental up whilst American mixed, owing to growing scarcity, advanced 6d. to 8d per cental. European was also firmer at full prices to 3d per cental advance. Yellow Plate futures had a steady market, and closed unchanged to  $\frac{1}{2}$ d per cental dearer. The market in the week fluctuated moderately but with an upward tendency, closing  $\frac{1}{2}$ d to  $\frac{3}{4}$ d per cental up. Closing September 4s  $11\frac{3}{4}$ d sellers, October 5s 0'd value, November, 5s 2d sellers, December 5s  $3\frac{1}{4}$ d sellers. Cargoes quiet, at steady prices. In the week there was a moderate inquiry and prices ruled steady, showing but little change at the close. Parcels were steady with a fair trade. A fair amount of business transpired in the week, with narrow changes, but the close was firmer and occasionally dearer than before the holidays.

- (e) CANADIAN PACIFIC SHARES—Canadian Pacific shares have been conspicuously dull during the last week or two. The 'markings' in the official list show that they continue to be bought in small lots, but there is no speculative activity in the market and it would appear as if those who had boomed the shares in the past had exhausted all their powder and shot, and were at a loss to proceed with the campaign. The fact is that "bull points cannot be discovered. Traffic is falling away, expenses are increasing, and the company is finding difficulty in justifying the additions to its capital. It should easily be able to maintain a

10 per cent dividend, but 10 per cent on 220 means a return of only 4½ per cent, and this is no longer attractive to the investor when he can obtain an equally good rate on Canadian Railway Debentures. Of course, what keeps up the price of Canadian Pacific Shares is the prospect of bonuses, but if the company cannot justify increases of capital it cannot make them, and no bonuses, therefore, can accrue.

- (f) MINES —(SANTA GERTRUDIS NEWS) —Business in the Mining markets was of the usual meagre week end proportions, and the idleness was accentuated by the fact that the carry over takes place on Monday, the preliminaries being arranged to-day. Very few changes occurred in South Africans, and the evening up of books before the settlement gave the market a dull tone. Much the same has to be recorded in regard to diamond issues, but Rhodesians again enjoyed a fair amount of business, and a number of small rises were registered. Chartered's remained in the neighbourhood of par throughout the session, but Shamvas, Tanganyikas, and Giants were in demand. On the account the rise in Shamvas and Chartered's is substantial, while in Kaffirs there are considerable differences in favour of holders. The Transvaal output and labour figures, as expected, show the severe effect of the strike. Featureless but firm best describes Nigerians, but West Africans were scarcely mentioned. Rio Tintos were depressed by the somewhat disappointing American copper statistics, but the Australian division showed strength, the demand centering on Mount Lyells and Hampdens. Mexican issues were offered on fears of another crisis in the country. Camp Birds drooped. The total profit for the quarter ended June is announced at £46 768. Zinca were strong, and other Barrier shares continued to harden. The Santa Gertrudis Company has received the following cable: "Twentieth level cross cut from San Guillermo shaft has reached hanging wall, total width pay ore 5 feet, assaying gold 5.49 grams, silver 864 grams. Gross value 20.20 dolrs metric ton." It is pointed out that in view of the latest estimates of the advisory engineer, the cutting of the vein 14 feet wide, of which 5 feet are in high grade milling ore, 150 ft. below this level is of great importance.

- (g) BRITISH ASSOCIATION —(*Report of Proceedings at Dundee, on Friday, September 6, 1912*) —Interest to day has again chiefly centred in the proceedings of the Economic Science section, which was presided over by Sir Henry H. Cunyngname. Labour disputes was the subject under consideration, and, having regard to its importance and special urgency at the present time, it was only to be expected that there would be a crowded attendance. The various aspects of the subject were laid before the meeting in a series of five papers or communications by acknowledged experts, theoretical and practical.

Professor Chapman led off with an exposition of the general principles of industrial peace. His observations, he stated, had led him to the conclusion that in a highly industrialised country



like England compulsory arbitration would be a very defective plan though he thought that small disputes might be settled in this way His view is that on the whole the most hopeful method for British traditions is that of conciliation the obligation to intervene whenever there are prospects of success being imposed upon some public office panel or officials

Sir Francis Webster an Arbroath manufacturer and a large employer of labour followed with a paper on price and wages which was in the nature of a *general consideration of the causes which have been affecting prices specially and wages inferentially in the past forty years* Touching at the outset on the supply of gold as a factor in advancing the prices of commodities he granted that its abundance had had an effect in that direction in the last dozen or fifteen years but he proceeded to cite evidence of many modifying influences and to him the elements of a serious economic condition seem to be gathering High prices do not denote plenty but scarcity and scarcity of raw material and high wages are incompatible The high prices that mark the zenith of British trade are ringing its decline The pinch is already troubling the employer who cannot pay more wages

Dealing with the relation of labour and capital the speaker asserted that so far as knowledge of a long experience goes there is no great change in the average ratio of profit to the one and wages to the other as between man and man but there is a vast difference between the number of men employed by one man now compared with sixty or seventy years ago and therefore a greater difference between the total profit of a master and the single wage of the man The idea that there is a larger profit per pound sterling is he declared not accurate It is also doubtful if most producing firms could exist with a much curtailed rate of profit Whilst not regarding co operative production as successful he thought it would be a good thing if men and women could have some kind of interest in the work in which they are employed with as little risk as possible To all appearance he concluded there would be little slackening of the gold production for a good many years and if the contention is proved accurate that prices depend on it the world has some strange experiences before it

Mr J Ramsay MacDonald M P took up the aspect to the question represented by the minimum wage Dealing with it more particularly with reference to the labour unrest of the present time he defined the underlying idea of a minimum wage as being that some figure expressing the price of labour shall be fixed which can never be departed from as far as reduction is concerned and which if departed from in that direction may be subject to legal proceedings A minimum they must have but he did not think they should regard that minimum as something to be fixed all round for every trade and every district nor did he think it was to be got by anything of the character of legislative order such as the order of a judge as exemplified in compulsory arbitration In the working out of a minimum wage he

laid down the important proposition that the reward of labour must have some relation to the mechanism and system of industry under which it operated. They must not make demands for a minimum wage which would paralyse existing labour.

Another proposition was that we could not create a minimum which was an expression of the heightened cost of living by building a wall about ourselves nor make our own economic market our own standard of exchange. That he remarked by the way is the fundamental fallacy of Protection. Their aim must be to consider how to raise the standard of the life of the workers by using at the earliest possible moment the economic advantages that industrial changes offer and whatever methods they adopted they must not be stereotyped. Ample opportunity must be afforded for ready adjustment and friendly arrangements.

He arrived at the conclusion that the best means for establishing a minimum or rather a series of minima (the whole expressing a national minimum in diversity) is a voluntary arrangement. To the objection that this would not guarantee peace, it may be said that in voluntary arrangements they would be dealing with the best of the employers and the best of the men in the different trades and any arrangement arrived at by them might be taken as expressing the best possible industrial conditions which might be fittingly made to apply to each trade as a whole. Further under a voluntary arrangement the demands on both sides were likely to be rational and it would be possible to have deposits from both parties as a guarantee of the observance of the agreement. For examples of such agreements he pointed to those of the Lancashire cotton industry the boot and shoe trade and the conciliation boards of the iron and steel and other trades.

In conclusion he pointed out that in these disputes we are dealing with a dynamic and not a static problem and that we must start with an experiment which will be capable of development and enable us to go on in the direction of solution.

Mr C R Fry (Cambridge) put forward the claims of co-partnership as an ameliorative if not perhaps a complete cure, of labour trouble.

Next came a contribution from Sir C A McAra (Manchester) which was conveyed in a letter of regret at his inability to be present. Sir Charles wrote that he had hoped that the Industrial Council of which he is a member would have completed its inquiry and that he should have been able to discuss its conclusions. He felt at liberty however to indicate that the inquiry so far as completed has conclusively proved

(1) That when perfect organisation on both sides exists even though disputes may occur they are usually settled without a stoppage of work and

(2) That the recent industrial unrest originated with trades not well organised and that the disputes in those trades encouraged unrest among some of the well organised.

His twenty years experience in the cotton industry, he added,

has made him a firm believer in making the organisation on both sides as complete as possible and he seized every opportunity of bringing home to the workers the necessity for harmonious relationships existing between labour and capital, and of co-operating with employers in grappling with the problems that confront the industries. The solution of these problems is vital to the maintenance of the industries, and equally concerns the welfare of capital and labour. In these directions he is convinced, lie the removal of industrial unrest and the consequent successful carrying on of the industries of the country.

A number of gentlemen signified their desire to add their views to those expressed in the papers officially arranged for.

Dr J W Barrett (Melbourne) traced the labour history of the last twenty years in Australia. As a strong attempt was to be made to send Great Britain along the lines of Australian industrial experience, it seemed to him desirable that we should know what has been done in the Commonwealth and what are the rocks ahead. Labour legislation he said had not put an end to strikes. On the contrary as some one had humorously put it, the honest working man might be described as going forth to his daily strike. The special seriousness of the position for the home country was that a grave mistake made here might bring down the whole fabric of the Empire.

10. In response to an advertisement the following three letters have been received.

Index each, giving such particulars as the head of the office would require.

(a)

48, MERTON ROAD,  
WIMBLEDON S W,  
2 April, 19—.

"58 M."

*The World's News Offices,*  
London W C

DEAR SIR

With reference to your advertisement in *The World's News* offering for sale a *Minervette Motor Car* 5 h p two seater which has only been used for four months, I should be glad if you would make an appointment with me to view the car and if the result be satisfactory to make arrangements for the trial run.

Should the car be in good condition I should be prepared to make you an offer of say £80 £40 cash down and the other £40 at the end of three months.

Trusting you will reply to this at your earliest convenience,

Yours faithfully

WALTER H. GOODMAN (124)

(b)

199, GREEN STREET,  
LONDON, E C,  
4 April, 19—

58 M

*The World's News Offices,*  
London W C

DEAR SIR

Referring to your advertisement in *The World's News* of to-day's date I am wanting a small Motor Car and from the description of your car I should judge it is likely to suit me

Kindly inform me whether I may inspect the same on Thursday next the 18th inst at 2 30 p m and if satisfied with that inspection, whether I can have the trial run thereafter I should like a run of about thirty miles out if that will be convenient to you

Subject to my being satisfied on inspection and to the trial run being satisfactory I am prepared to offer you £20 for the Car with all accessories and I should also require a guarantee for say two years

I shall be glad to hear from you at your early convenience, as I am expecting to be called out of town in a day or two

Yours faithfully,  
JOHN PHILLIPS (173)

(c)

5, OXFORD COURT  
LONDON, E C  
4 April, 19—

58 M

*The World's News Offices,*  
London W C

DEAR SIR

With reference to your advertisement respecting Minervette 5 h p, two seater Motor Car for sale I beg to advise that I am considering the purchase of a second hand machine and the one you are offering seems to be suitable for my requirements You mention that the Car cost £110 when new I should be willing to pay you £90 (ninety pounds) for it complete with all fittings lamps etc on condition that my engineer may inspect it at a time convenient to yourself and that you agree to allow me to have it on trial for one week so that I may see that it is in perfect working order

If you should consider this offer kindly write me per return of post and oblige

Yours faithfully  
THOMAS RAVEN (151)

## CHAPTER IV

### TELEGRAPHIC SERVICE

(Information taken from the *Post Office Guide*)

#### Telegraphs —

Inland Telegrams

Foreign and Colonial Telegrams.

Radiotelegrams

#### Inland Telegrams.

The charge is 6d for the first 12 words including the address, and  $\frac{1}{2}$ d for every additional word

**Counting — Compound Words, Proper Names, Figures, Abbreviations, etc** — Telegrams in plain language in any modern European tongue or in Latin are charged for according to the number of words, but all words not forming part of any modern European language or of Latin, and all unintelligible combinations of letters are charged for at the rate of five letters to a word

With the exception of words which are ordinarily written as one, or coupled by hyphens as "mother in law," "forty seven," "warehouse-man," no combination of words is counted as one word.

Such names as O Niel, MacDonald, De la Rue, and names with the prefix "St," as St Pancras, are charged for as single words, but double names, like Bouverne Tracy, although written with a hyphen, are counted as two words

Such abbreviations as "can't," "won't," "don't," "shan't," "couldn't," are counted as single words

Figures are counted at the rate of five figures to a word. For example, "38563" counts as one word, while "385634" counts as two words. Fractions are counted according to the number of figures employed, the mark of division being counted as a figure—thus " $\frac{1}{2}$ " counts as one word, " $2\frac{3}{4}$ " as one,

109<sup>7</sup> as two In groups of figures a stop or oblique stroke is counted as a figure The symbols % a/c b/l and c/o are exceptionally counted as one word each In other combinations of letters and signs each sign is counted as one word In ordinal numbers the affix *st* *nd* *rd* or *th* is counted as two figures—thus, 1st counts as one word ' 1432nd as two words

Where a figure or a group of figures is followed or preceded by a letter (except in the case of ordinal numbers as above) the letter is counted as a word—thus 104a or A104 counts as two words Letters added to figures in an address to denote the number of a house or of a telephone number are exceptionally counted as figures

Initial letters are each counted as one word but exceptionally the initials of the London Postal Districts (*e.g.* S W) and the letters A M and P M are counted as one word for each group The letters H M S are also counted as one word in the address of an Inland telegram intended for one of His Majesty's Ships

Certain names of places are counted as one word each irrespective of the number of words of which they are composed These fall into four classes as follows —

- (a) All names of Towns and Villages in the United Kingdom
- (b) The names of those railway and coastguard stations (not in towns) at which telegraph business is transacted on behalf of the Post Office
- (c) The names of Districts in towns when used in addresses in addition to the names of thoroughfares
- (d) The names of Foreign Telegraph Offices mentioned in the International List of Telegraph Offices

For example Newcastle on Tyne Abbey Holme Bodmin Road Camden Town in the address High Street Camden Town and Davos Platz are counted as one word each

The names of Town Sub Offices and Branch Offices and all other names unless used in addresses together with the names of thoroughfares to denote districts in towns are counted according to the number of words of which they are composed For example Hanging Ditch and Drury Lane are each counted as two words

When it is necessary to add the name of a town or county to the name of a place to distinguish it from another place of the same name the name of the town or county is not charged for

When words are underlined or placed in a parenthesis or within inverted commas one extra word is charged for

One word each is also charged for the ordinary signs of punctuation if they are required to be transmitted

**Prepayment of Replies**—The cost of a reply not exceeding forty eight words may be prepaid A reply form will then be delivered to the addressee who will be at liberty to use it for any inland message at any time within twelve months If the form be not used its value will be refunded from headquarters to the sender of the original telegram if he applies and sends the form within twelve months to the local Postmaster

**Addresses**—The address of a telegram should be sufficiently full to enable it to be delivered without difficulty and without reference to Directories or other sources of information In telegrams for towns the name of the street and the number of the house should be given An address ordinarily used for letters is not necessarily correct or sufficient for telegrams

**Use of Telephonic Addresses for Telegrams**—Telegrams may be addressed to the telephonic addresses of Exchange subscribers for delivery by telephone The telephonic addresses to be used in such cases must comprise the subscriber's name Exchange telephone number and town thus —

Jones M dland 245 B rm ngham

or where the name of the Exchange is the same as the name of the town or of a telegraph office or well known locality which is a sufficient address for telegrams the address may be abbreviated thus —

Jones Stafford 245

Jones Putney 245

Where there is a Corporation Telephone System the address should be in the case of a Post Office subscriber

Jones Hull 245

and in the case of a Corporation subscriber

Jones Corporation 245 Hull

The name of the town is not required in addition to the

name of the Exchange for a telegram originating in the same town. Thus "Jones, North 154" would be a sufficient address for a telegram originating in London.

The sender must take the responsibility for the accuracy of the particulars furnished.

Written copies of telegrams delivered by telephone under this arrangement will be sent by post to the address in the Telephone Directory in daily batches without charge.

**Registered Abbreviated Addresses**—Any person may register an abbreviated or arbitrary address on payment of a registration fee of £1 1s. a year, dating from the day of registration. The address must consist of two words, one of which is to be the name of the town or place of delivery, the other must be a dictionary word, containing not more than ten letters, taken from one of the eight languages permissible in code telegrams. In London an additional word indicating the appropriate Delivery Office is inserted between the registered abbreviation and the word London, without extra charge for registration or inland transmission. Telegrams intended to be delivered to the care of a person who has registered an abbreviated address, must have 'care of' or "c/o" written before the abbreviated address, thus 'Smith care of Hercules, Liverpool'. The symbol c/o counts as one word. Abbreviated addresses should be written with great clearness.

Abbreviated addresses registered for telegrams should not be used for letters.

**Multiple Address Telegrams**—Copies of a telegram directed to more than one person in the same free delivery are delivered on prepayment of a charge of twopenny per copy, in addition to a halfpenny for each word in the address of the copy. Each London Postal District is regarded, for this purpose, as forming a separate delivery, and when a multiple address telegram for London is for one or more registered addresses the District Initials must be inserted after each registered address and be paid for.

**Repetition of Telegrams**—Telegrams can be repeated, if the sender desires it, by being telegraphed back from office to office throughout the course of transmission. The charge for repetition, which must be paid when the telegram is handed in, is one half the ordinary tariff, a fraction of a halfpenny being reckoned as a halfpenny. Telegrams containing



mercantile quotations or figures, and telegrams written in cypher, or according to a preconcerted code, should always be repeated. No copy of a repeated telegram is given to the sender.

If the receiver of a telegram doubts its accuracy he may have it repeated by paying half the amount paid for its transmission to him, fractions of a halfpenny being reckoned as a halfpenny. Should he require only a portion of the message to be repeated, a payment must be made at the half rate sufficient to cover the number of words to be repeated. For example, if 20 words in a message of 40 words are to be repeated the payment would be 5*d*. The minimum charge however, for repetition (even of a single word) is 3*d*. The money will be refunded if it should turn out that the original telegram was incorrectly transmitted.

**Re-direction**—Telegrams can be re directed to a second address either by an Officer of the Post Office or by an agent of the addressee.

*Krishna Kumar Ghale*

### Foreign and Colonial Telegrams.

**Plain language, Code language, Cypher**—Telegrams in plain language are those composed of words, figures, and letters which offer an intelligible meaning. They may be expressed in any of the principal European languages, and certain others. They must be written in Roman characters.

Code language is composed of real words not forming comprehensible phrases, or of pronounceable groups of letters having the appearance of real words. No word or group of letters must exceed ten letters in length. The real words may be drawn from any of the following languages—English, French, German Italian, Spanish Portuguese, Dutch and Latin, the groups of letters must be pronounceable according to the current usage of one of those languages.

Cypher is composed of—

- (a) Arabic figures or groups or series of Arabic figures having a secret meaning, or letters or groups or series of letters having a secret meaning,
- (b) Words, names, expressions, or combinations of letters not fulfilling the conditions applicable to plain language or code.

Letter and figure cypher cannot be combined in one group

It is desirable to avoid the use of letter cypher as far as possible, as it is less easy to transmit than pronounceable groups of letters and is therefore more liable to error. Where letter cypher is used, it should be arranged in groups of five letters in order to facilitate transmission.

Combinations in plain language, code or cypher, formed by running together two or more real words (whole or contracted), or a real word and some other expression, are prohibited.

**Counting Compound Words, Misspelt Words, Figures, etc**—In plain language the maximum number of letters allowed to pass at the charge for a single word is 15, any excess being charged for at the rate of 15 letters to a word.

Subject to this limit, ordinary compound words and names of towns, countries, provinces, places, family names, and names of ships written without break, are counted as single words, the same mode of counting applies to the names of streets, squares etc., but the words "street," "square," etc., or their equivalents in other languages, cannot be combined, contrary to the usage of the language, with such names so as to form a single chargeable word. If joined by a hyphen or separated by an apostrophe such compound words or names are counted as so many separate words. Compound numbers written in words and without break are also counted as single words, subject to the same limit as to the number of letters. The name of the office of destination in the address is charged for as one word whatever its length, and when the name of the country, state, province or district has to be added to distinguish the office from others of the same name, the whole expression is charged for as one word, provided it is written in accordance with the International List of Telegraph Offices.

Words incorrectly spelled so as to reduce the number of letters below the maximum or incorrectly joined together, contrary to the usage of the language, are inadmissible.

If the sender of a telegram from a place abroad improperly joins together words for the purpose of reducing the charge, the amount undercharged is collected from the addressee.

In code language, the words and groups of letters are counted as one word each.

In all telegrams every isolated letter or figure is charged for as a word. Groups of letters forming cypher and groups of figures are counted at the rate of five letters or figures to a

word, and at the same rate for any excess. The same method of counting is applicable to groups of letters forming commercial marks or commercial expressions—that is, marks impressed on packages or bales of goods. Groups of letters in current use are similarly counted when occurring in the text. But such letters are not admissible in groups in the address, they are charged for as so many separate words. Letters added to figures to form ordinal numbers or commercial marks, or to represent the number of a house, are counted as figures. Bars of division, decimal points, and stops used in the formation of numbers are counted as figures, otherwise signs of punctuation are not transmitted except at the special request of the sender, and they are then charged for as separate words.

Words in plain language in the text of a telegram which also contains words in code language are charged for at the rate of 10 letters to a word, any excess being charged for at the rate of 10 letters to a word.

**Addresses of Telegrams.**—The address must be paid for, and must in no case consist of less than two words. When it is expressed in two words, the first should designate the addressee, and the second the name of the telegraph office of destination. Such abbreviated addresses should be registered at the office of destination.

In telegrams for large towns, the name of the street and the number of the house should be given when the address is not registered. If these particulars cannot be furnished, the profession, trade or calling of the addressee, or similar information should be given, otherwise the telegram will be forwarded only at the risk of the sender. The address should be in French or in the language of the country to which the telegram is sent. If there are more places than one of the same name, the name of the country or state, province or district, in which the place is situated should be added to the address in the manner shown in the International List of Telegraph Offices.

In telegrams bearing addresses consisting of a name prefixed to a registered address, or addressed to one person at the house of another whose name is also given, it is necessary to insert the word "*chez*" (care of) or an equivalent expression in the language of the country of destination. It is undesirable to use the symbol *c/o* as the equivalent of "care of."

The name and address of the sender are charged for if to be

transmitted They must in any case be written at the foot of the form

**Multiple Addresses**—A telegram addressed to several persons in the same town, or to the same firm at different localities in the same town is charged for as a single telegram (all the words in the several addresses and the text being counted) but a sum of 5*d* must be prepaid for every extra copy to be delivered if the number of chargeable words per copy does not exceed 100 and an additional sum of 5*d* per copy for every additional 100 words or part of 100 words The instruction ——— addresses, or TM ——— (the latter being counted as one word) must be written before the address and paid for Telegrams of this kind are not accepted by the routes of the North Atlantic Cable Companies either for America or for transmission over the Pacific Cable

**Prepaid Replies**—A reply of any length can be prepaid, but the minimum payment is 10*d* If the sender desires to prepay a reply he must insert before the address of destination 'RP ——— which is charged for as one word

**Repetition at Request of Sender to Ensure Accuracy**—The sender can have his telegram repeated from office to office throughout the whole course of its transmission by paying over and above the charge for the original transmission, a quarter of that charge If the telegram is for one of those countries for which there is a minimum charge per telegram, the lowest charge will be the minimum charge plus one quarter of the minimum charge Whenever a telegram is repeated, "TC which is charged for as one word, must be inserted before the address of destination

Repetition is desirable for all telegrams in code or cypher

The sender can have his telegram repeated between the office of origin and the last Post Office in the United Kingdom at which it is dealt with on payment of a charge equal to the rate for an ordinary inland telegram of the same length

### Mixed Postal and Telegraph Service.

A telegram can be forwarded partly by telegraph and partly by post Thus a telegram intended say, for India can be telegraphed to Brindisi to catch the outgoing mail, and thence forwarded by post to its destination In addition to the cost

of the telegram to the place of posting a charge of 2½*d* is collected from the sender if the telegram is to be posted from one country to another but no charge is made for postage if the telegram is to be posted from one place to another in the same country If the telegram is to be posted as a registered letter a registration fee of 2½*d* is charged in addition to the charge of postage (if any)

The sender should write the word *Post* before the addressee's name the name of the terminal telegraph office being written last in the address For example *Post Smith 10 Broad Street Calcutta Brindisi* The word *Post* is charged for as a part of the telegram Registered abbreviated addresses cannot be used

**Telegrams to be called for**—In telegrams intended to be left until called for at telegraph or post offices the words *Télégraphe restant* (or *T R*) or *Poste restante* (or *G P*) or *Poste restante registered* (or *G P R*) as the case may be must be inserted before the address of destination The instructions *T R*, *G P*, and *G P R* are each charged for as one word

## Radiotelegrams

Radiotelegrams are accepted at any Telegraph Office for transmission to ships equipped with wireless telegraph apparatus through the undermentioned coast stations in the United Kingdom—*Bolt Head Caister on Sea Crookhaven Cullercoats Lizard Mahon Head Niton North Foreland Rosslare and Seaforth*

The names of most of the ships which can be reached through the above named coast stations (with the approximate periods during which communication can be had) are given in the Post Office Guide Radiotelegrams are accepted for ships not shown in the tables on the sender's assurance that the ship is equipped with wireless apparatus

Private radiotelegrams are not accepted for transmission to His Majesty's ships

**Charges**—The usual charge for a radiotelegram sent through a British coast station to an ocean liner is 10*s*/ a word Lower rates of charge are applied to vessels making short voyages

The charges for radiotelegrams sent through coast stations abroad are indicated in the list of such stations

**Long-Distance Communication**—Radiotelegrams can be sent through the Marconi Company's station at Poldhu to certain ships at an inclusive charge of 3s a word without a minimum provided that the ship is not according to the list within range of any other British station. Such radiotelegrams must bear the name of the station Poldhu in the address.

The Poldhu station communicates with ships at night only, and if ships have passed its range (about 1500 miles) the messages are forwarded by cable to the long distance station of the Marconi Company at Cape Cod, Massachusetts, and thence transmitted to the ship without additional charge.

**Counting of Words etc**—All radiotelegrams to and from ships whether transmitted through British or through foreign coast stations are subject to the same rules, with regard to the counting of words etc, as Foreign and Colonial Telegrams.

### EXERCISES

1. What is a telegraph code? Explain its use and give a few examples of code words.

2. What is the advantage of having a Registered telegraphic address and what fee is charged for registration?

3. Regarding Inland telegrams state

(a) The minimum charge for a telegram

(b) The cost of the following —

(1) D 897

(5) Can't

(2) 104<sub>3</sub>

(6) C/o

(3) 6142nd

(7) Come at once

(4) 378 C

(8) 39 146

(c) What is the charge for repetition of a telegram?

4. Condense the following into a telegram —

To Phillips 34 High Street Leicester—I can offer you subject to receipt of your reply before 12 noon to-morrow 50 cwt's English Potatoes at 4/8 per cwt and 20 cwt's Dutch potatoes at 3/5 per cwt for St Pancras—(Signed) Berough

State the cost of the telegram

5. Condense the following into telegrams not to exceed twelve words for each —

(a) I was not able to keep the appointment to-day but will meet you to-morrow at the same time and place and will bring samples with me

(b) The goods which you ordered are not now in stock but we hope to be able to supply them in a day or two

6 You wish to have the same telegraphic message sent to ten different persons residing in the same postal district of London Describe the Post Office arrangements for assisting you to do this

7 Condense the following into a telegram and state the cost of forwarding it to each of the four persons whose names and addresses are given —

"I can offer you 10 tons copper at £69 2s 6d per ton for Euston Station, subject to being unsold on receipt of your reply — (Signed) CURRIC.

To A B & Co, Corporation Street, Birmingham

" Filament, Birmingham

" James & Sons, Wood Street Birmingham

" Brady Bros, The Malleable Iron Co Birmingham

8 Explain or give an example of a 'figure code' used in telegraphic codes

9 Prepare a cablegram and also write a letter explaining fully the reasons for the instructions cabled

10 Prepare an advertisement, a cablegram, and a telegram, all connected with one subject

11 Compose and then condense a letter of one folio in length to a telegraphic message consisting of 15 words

12 Condense the following into telegrams not exceeding 12 words each, including address —

(a) 'Ready, Leicester We have not received the goods ordered Will you kindly wire us reason of delay, and tell us when we may expect them ?

(b) Gloves, Nottingham Our Manager will see you to day in reference to estimate received this morning Ready, London

(c) 'Cape, Sheffield No answer has yet been received to our letter Wire at once saying whether able to supply goods Steel, Maidstone

13 You, Alfred Jones, carrying on business as Jones Bros and Co at 14, Queen Street Hulme Manchester (T/A Jobro Manchester) and also at 14 Spa Road, Bermondsey London (T/A 'Finnikin, London), have instructed Albert Woods your Manchester manager to meet you in London at 12 30 p.m. on Wednesday It is now Tuesday afternoon and you find you have omitted to tell him to bring the estimate for some new machinery you are having installed, and also to obtain and bring with him the plans of a new workshop you are about to have erected The plans are with Robert Cocks and Co Architects, St Anne's Square Manchester, but Woods does not know this Draft a telegram giving Woods the necessary instructions

14 Write out a telegram from London, from a traveller to his firm, stating that he has been robbed and is in need of funds to pay his hotel bill, and cannot continue his journey also write a letter confirming same &c

15 Condense the following market reports into messages for telegraphing —

(a) WOOL (BRADFORD) — Values all round may be described as steady Business has improved, both in Merinos and cross breeds but there has not been sufficient to give prices an upward turn The im-

provement has however given distinct check to decline and partially restored confidence. New business is chiefly for home trade but Continental users are taking up deliveries on old contracts with greater freedom and that is a good sign.

- (b) RUBBER —Although not very active the Rubber market exhibited quiet strength one of the chief factors influencing prices being the good tendency shown at the commodity sales which finished to day. Several of the leading shares were quoted ex dividend, and the whole amount deducted was not in all cases recovered. Rubber Trusts however more than made up for the deduction, although in these and other leading shares the tendency at the close was to sag.
- (c) OIL —California Oilfields monopolised attention in the Oil section the price rising another point to nearly 6½. This is the price which shareholders will receive under the scheme for absorption by the Shell Transport Company and the market regards the terms as excellent. Shells were bid for at the outset on this latest acquisition but they reacted before the close and finished with a small loss on balance. The Russian group was held in check by the strike and Mexican Eagles came on offer. North Caucasians and Ural Caspians were well maintained, and Spies improved.
- (d) NEW SOUTH WALES SURPRISE —After a period of hesitation Consols braced up and the upward movement in Colonials continued. Some surprise was occasioned by the new New South Wales loan. Of this 69 per cent was left with the underwriters on Saturday but it appears that the scrip was wanted for some special quarter and ran up to ½ premium at one time. A lot of speculation was still centred in Peruvians. Most Home Railway stocks closed at the best of the day but there was profit taking in Metropolitans just before the close. Cambrian Preference stocks were marked down points, the No 1 four Nos 2 and 3 one and the No 4 one half.



## CHAPTER V

### CHEQUES, PROMISSORY NOTES, AND BILLS OF EXCHANGE.

#### Financial Documents.

THE most important negotiable instruments are Cheques, Promissory Notes, hereinafter called "Notes," and Bills of Exchange, hereinafter called "Bills."

The following are the main characteristics of a negotiable document —

(1) The ownership in a negotiable instrument passes by simple delivery

(2) Any one who takes it *bond fide* and for value is not affected by any defect of title in the person from whom he took it

(3) The holder can sue in his own name

The instrument is made negotiable by statute or has become so by mercantile usage

#### Cheques.

A cheque is an unconditional order in writing addressed to a banker, signed by the person giving it, requiring the banker to pay on demand, a sum of money to, or to the order of, a specified person or to bearer

**Parties** —The person who signs the cheque is called the *drawer*, the banker on whom it is drawn, the *drawee*, and the person named (if any), or to whose order the money is to be paid, the *payee*

**Stamp.**—The stamp, which may be either impressed or adhesive, is 1d on all cheques

**Amount of Cheque.**—A cheque may be drawn for any amount. A banker must honour all cheques drawn on him by his customer, as long as he has sufficient funds of his customer to meet them with

**Order Cheque and Bearer Cheque.**—Cheques may be drawn payable to "order" or to "bearer"

A cheque payable to "order" must be signed by the person to whom it is made payable before the banker will cash it

(Counterfoil).

Example of "Order" Cheque.

No. 74.

No 74.

Ocl., 8, 19—.

London, October 8th, 19—.

Jas. Owen.

The ABC. Banking Company, Ltd.,

Threadneedle Street Branch.



Pay to Mr. Jas. Owen or Order Sixteen pounds ten shillings.

£16 10s. 0d.

£16 10s. 0d.

JOHN WALKER



This cheque must be signed on the back by the person to whom it is payable

The words "or order" after "Jas Owen," the payee, imply that Owen, by endorsing the cheque, signs away his interest in it to another party

John Walker is the drawer of the cheque and the A B C Banking Co, Ltd, are the drawees

**Endorsements.**—When the person to whom the cheque is made payable signs his name on the back of the cheque at the perforated end, this act is termed *endorsing* the cheque

Endorsements are of two kinds, Blank and Special

**Blank Endorsement.**—A *Blank Endorsement* is the simple signature of the payee on the back of the cheque. He does not name the endorsee. A cheque so endorsed becomes payable to bearer, *e g.*

JAS OWEN

**Special Endorsement.**—A *Special Endorsement* is one where the endorser transfers his interest in the cheque to some specified endorsee, *e g*

Pay to the  
order of  
JAMES SMITH  
JAS OWEN

**Restrictive Endorsement.**—A *Restrictive Endorsement* is one which restricts the further negotiability of the cheque, *e g*

Pay 'A' only	or	Pay "A" for the a/c	or	Pay 'A' or order
JAS OWEN		of "B"		for collection
		JAS OWEN		JAS OWEN

A cheque payable to bearer is paid only to the holder, possessor, or bearer of it. Such a cheque does not require an endorsement. Similarly, a cheque payable to "Petty Cash or bearer," "To Charges a/c or bearer," or "To Wages a/c or bearer" is payable without endorsement.

(Counterfoil).

Example of "Bearer" Cheque.

No 74.

No 74

Oct, 8, 19—.

London, October 8th, 19—.

Jas. Owen.

The ABC. Banking Company, Ltd.,

Threadneedle Street Branch.

£16 10s. 0d.

£16 10s. 0d.

Pay to Mr. Jas. Owen or Bearer Sixteen pounds ten  
shillings

JOHN WALKER.

STAMP  
1d.



Example of a Cheque drawn by a Public Body.

FIELD DISTRICT HIGHER EDUCATION COMMITTEE.

London, October 10th, 19—

No. D 73,982.

London and ~~South~~ Western Bank, Limited,  
Field Branch.

Pay Jas. Owen or order the sum of ~~sixteen~~ pounds ten shillings.

£16 10s 0d

G H

Secretary

A. B.  
Chairman

C. D.  
Town Councillor.

E. F.  
Member of Finance Committee.

STAMP

1d.

NOT NEGOTIABLE

Reverse Side of Cheque.

*Received of the Field District Higher Education Committee the sum mentioned  
on the face hereof in settlement of a/c due to me as per particulars furnished*

*Signature of payee.*

*Date*

1d Stamp 1  
for £2  
or over

This signature is intended to be an endorsement of this cheque as well as a receipt

### Practice of Bankers.

Cheques are issued by Banks to their customers in books containing different quantities, the stamps only of which are charged for. In cases where a special cheque is required, however, a charge is made to cover extra printing.

In some banks a rule is enforced that the cheque must not be altered from 'order' to "bearer" or *à la versa*, but generally an alteration of this nature is permitted, providing such alteration is confirmed by the drawer. In this and other material alterations of a cheque, more particularly in an alteration of the amount such alteration should be confirmed by the drawer's full signature and not the initials alone.

Care should be taken in filling in a cheque that the payee's name and the amount should be clearly written, and with the latter both words and figures should begin close to the edge of the space allotted for these on the cheque, and any vacant space filled in with ruled line or lines. This little trouble is in a measure a protection against fraudulent alteration of the amount.

If there is such negligence in drawing a cheque as to give rise to a forgery it is possible that the loss would fall on the drawer and not on the bankers.

### Crossed Cheques

The effect of a crossing on a cheque is that it shall be paid to a banker only, a practice which acts as a further safeguard against fraud.

**General Crossing** — A cheque is crossed *generally*, when it bears across its face two parallel transverse lines. It may have in addition the words 'and company, or any abbreviation thereof, and (or) the words "not negotiable".

**Special Crossing** — When a cheque bears the name of a banker, that cheque is crossed *specialty* and to that banker, who alone may receive payment.

A cheque may be crossed *generally* or *specialty* by the drawer or holder, but the *special crossing* of a cheque cannot be altered by any holder, other than the banker to whom it is *specialty* crossed, who may again cross it *specialty* to another banker for collection.

**Negotiability**—The words "not negotiable" do not stop the transferability of the instrument, but act as a warning to a holder that if the transferor's title is defective, the transferee is in no better position and is liable to refund to the rightful owner.

The words "a/c payee" give notice to a collecting banker that such a cheque is for the credit of the payee. The effect of any crossing on a cheque may be negated by the drawer's writing across the crossing, "Pay Cash," and adding his signature thereto.

*Examples of a "General Crossing of a Cheque."*

(1)	(2)	(3)	(4)	(5)
	& Company	Not negotiable	& Co Not negotiable	Under twenty pounds

*Examples of a "Special Crossing of a Cheque."*

(6)	(7)	(8)	(9)
PARRS BANK	PARRS BANK	PARRS BANK not negotiable	Not negotiable PARRS BANK for a/c of payee

A cheque which is not crossed is sometimes spoken of as an "open cheque."

### Presentment for Payment

A cheque must be presented for payment within a "reasonable time." What is a reasonable time depends on the nature of the instrument, the usage of trade and of bankers, and the facts of the particular case. If the cheque is not presented for payment within a reasonable time, the holder loses his claim against the drawer if the bank on which the cheque is drawn should suspend payment.



If the customer has not sufficient money in the bank to meet the cheque, the banker would refuse to cash the same, returning it marked R/D (refer to drawer) or N/S (not sufficient funds) If the drawer had no funds in the bank, he would mark it N/E (no effects)

The drawer of a cheque may stop payment of it if he wishes He would in such a case write to his bankers, on whom the cheque is drawn, giving particulars of the cheque and asking them not to pay it He is not obliged to give his reasons for his action

### Endorsement of Cheques.

This ought to be written in ink, and even though the payee's name be incorrectly spelt or described, it must be written similarly The correct style or signature may also be added Bankers hold somewhat different views as to a correct endorsement, and not infrequently before paying require confirmation of those open to any doubt

#### *Examples of Endorsements*

<i>Payee</i>	<i>Endorsement</i>
1 James Street & Sons bearer	No endorsement necessary as it is a bearer cheque
2 Mrs Jas Street	Agnes Street wife of James Street
3 John Jones or order	John Jones
4 John Jones or order	Samuel Smith sole executor of the late John Jones (Samuel Smith is appointed executor)
5 Mr John Jones or order	Ann Jones executrix of late John Jones (wife appointed executrix)
6 Samuel Johnson Esq or order	Per pro Samuel Johnson Jas Church *
7 The Meadow Urban District Council	The Meadow Urban District Council H Fields clerk
8 Daisy Meadows or order	her Daisy X Meadows mark Witness Thos Milburn 139, Wells Street Birmingham
9 Samuel Johnson & Sons, or order	Per pro Samuel Johnson & Sons Thomas Smith (cashier)
10 Madame Natalie et Cie	Per pro Madame Natalie et Cie Thomas James (secretary)

---

\* James Church has authority to endorse for S Johnson

<i>Payee</i>	<i>Endorsement</i>
11 The Hawk Manufacturing Co., Ltd	Per pro The Hawk Manufacturing Co., Ltd James Chaplin (secretary)
12 Mr John Jones's Executors or order	For self and co executors of John Jones, Thomas Bishop
13 George Stevenson Liquidator of the Hawk Manufacturing Co., Ltd	George Stevenson, Liquidator of the Hawk Manufacturing Co., Ltd
14 Andersons.	Per pro Andersons, J Joseph (secretary)
15 Messrs Andersons	J and J Andersons
16 Scott Memorial Fund	Per pro Scott Memorial Fund A B (secretary or treasurer)

### Promissory Notes

A Promissory Note is an unconditional promise in writing, made by one person to another, signed by the maker, engaging to pay on demand, or at a fixed or determinable future time, a certain sum in money, to, or to the order of, a specified person, or to the bearer

The person giving the promise is called the maker of the note. Most of the regulations governing Bills of Exchange apply with the necessary modifications to Promissory Notes, but the following provisions relating to

- (a) Acceptance,
- (b) Presentment for acceptance,
- (c) Acceptance *supra* protest,
- (d) Bills in a set,

do not apply to notes

P/Ns for less than £5 payable to bearer on demand are illegal in England and Wales but legal in Scotland and Ireland

A banknote is a P/N issued by a banker, payable to bearer on demand

A P/N may be made by two or more makers and they may be liable on it *jointly* or *jointly and severally* according to the form in which the note is drawn

If a note is drawn, 'I promise to pay,' and is signed by two or more persons, each of such persons is liable *severally* as well as *jointly* on the note

If a note is drawn, 'We promise to pay,' and is signed by two or more persons, such persons are liable *jointly only*

If a note is intended that such persons shall be liable *severally* as well as *jointly*, the note shall be drawn, 'We jointly and severally promise, etc

STAMP

6d

(A). Example of a Promissory Note on Demand

£50-0-0

LONDON Decr 18<sup>th</sup> 19—

On demand, I

promise to pay

to John Jones

or Order

Fifty pounds —

Value received

A B.

(B). Example of a Joint Promissory Note.

£50-0-0

LONDON Dec. 18<sup>th</sup> 19—

At three months after date We

promise to pay

To John Jones

or Order

Fifty Pounds —

Value received.

A. B.

C. D.

STAMP

6d

STAMP

6d

(C). Example of a Joint and Several Promissory Note.

L50-0-0

LONDON Decr 18<sup>th</sup> 19—

On demand (or three months after date) we, jointly & severally promise

to pay to John Jones ——— or Order

Fifty pounds ——— Value received

A.B.  
P.C.

A person taking a note may have a place of payment indicated at the foot of the note and not in the body especially where there is more than one maker. The makers are liable without presentation but to render any endorsers liable presentation for payment is necessary.

## I O U

An I O U is not a promise to pay and is only an acknowledgment of indebtedness. It is not a negotiable instrument and requires no stamp.

The following is the usual form —

19th Sept 19—
To A B
I O U
£50
C D

A specified time of payment should not be inserted otherwise it becomes a P N and is then liable to stamp duty.

## *Bills of Exchange*

A Bill of Exchange is defined by the Bills of Exchange Act 1882 to be an unconditional order in writing addressed by one person to another signed by the person giving it requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a sum certain in money to or to the order of a specified person or to bearer.

**Procedure of Bills** — John Philips of Nelson Street Birmingham orders goods value £70 of Jas Graham London. Owing to the fact that Philips has no ready cash or probably for some other reason he makes an arrangement with Graham to accept a bill drawn at three months date by Graham thereby promising to pay the £70 at the expiration of three months.

This bill would be drawn by Graham in such a form as the following —

No 8 £75 0.0 LONDON 4<sup>th</sup> Oct 19—

Three Months after date pay to My Order  
The Sum of Seventy Five pounds—

Value received

To Mr John Phillips  
Melton Street  
Birmingham.

Jos. Graham

Graham is the drawer of the bill, and Phillips the drawee

The drawer would forward to the drawee the draft, as it is sometimes termed, accompanied by a letter, as follows —

LONDON,

17 October, 19—

MR JOHN PHILLIPS

Nelson Street Birmingham

DEAR SIR

I beg to enclose a three months draft on you for £75, which please accept and return to me in due course made payable in London

Yours faithfully,

JAS GRAHAM

**Acceptance** — If the business transaction were in order, and the amount, £75, corresponded with his ledger, Phillips would express his willingness to pay the amount in three months time by writing across the face of the bill thus —

Accepted  
Payable at London  
& South West Bank  
JOHN PHILLIPS

This procedure is termed *accepting* the bill, Phillips is now termed an acceptor and the bill may now be termed an acceptance. Having accepted the bill, Phillips returns it to Graham, who may keep it in his own possession until the due date or date of maturity arrives, when it must be presented for payment at the place named in the acceptance.

Graham may negotiate it to another person if he desires.

As bills form a method of payment this latter process is the usual one. They pass thus from one to another, that is, they are negotiated and the person negotiating called the holder, before delivering the bill endorses it.

\ If Graham negotiated the bill he would endorse thus —

JAS GRAHAM



**Days of Grace.**—Our bill would mature on the 20th January, 19—, being three calendar months after October 17th, plus three days' grace. According to an old custom, no bills, except those payable on demand, at sight unless "fixed," i.e. "without grace," are legally due until three days after the nominal period of the bill. Bank Post Bills issued by the Bank of England take no days of grace. What was originally an act of grace or favour has acquired a legal force and is specially provided for in the *Bills of Exchange Act*, 1882, unless the bill is worded thus —

Three months after date, without grace, pay "  
or

"On the 17th January, 19—, fixed, pay"

If Phillips arranged with his banker that bills are only payable on receipt of an advice, or order to pay, he would proceed thus —

A few days before the maturity date, he would write his banker, advising him that Graham, the payee, would be presenting the bill for payment. He sends thus an *advice slip* which contains certain particulars referring to the bill, and requesting him to debit the acceptor's account with the amount

Acceptor	Drawer	Date	Term	Amt
John Phillips	Jas Graham	October 17 19—	3 mos	£75

To the MANAGER

London & South Western Bank

Please honour the above acceptance amount £75 and charge the same to my account

Yours faithfully,  
JOHN PHILLIPS

NELSON STREET BIRMINGHAM

January 17th 19—

When Graham presented the bill to the bank, the latter would pay the amount, debit Phillips's account with £75, and take possession of the matured bill on behalf of the payer. When a bill is paid thus, it is termed to be honoured, met, taken up, or redeemed.

He could also proceed thus —

Phillips, being resident in Birmingham, would have his banking account with a Bank in that city. The bill being

drawn payable, London, would be domiciled at the London office of his bank in which case it would be necessary for Phillips to notify his Birmingham Bank that this bill was falling due in London, requesting them to advise London to honour same

We may arrange the parties to the bill thus —

Drawer on  $\left\{ \begin{array}{l} \text{Drawee} \\ \text{Acceptor} \\ \text{Payer} \end{array} \right\}$  in favour of the Payee

If Jas Graham wished to transfer his interest in the bill to Thos Robinson he could draw it out in any of the following ways —

- (a) To the order of Mr Thos Robinson "
- (b) To Mr Thos Robinson or order
- (c) To Mr Thos Robinson
- (d) To Mr Thos Robinson or bearer "

A bill may be made payable to two or more payees jointly, or it may be made payable to one of two or one of several payees. It may also be made payable to the holder of an office for the time being

**Inland and Foreign Bills** — Bills are either "inland" or "foreign". An inland bill is a bill which is, or on the face of it purports to be, (a) both drawn and payable within the British Isles or (b) drawn within the British Isles upon some person resident therein. Any other bill is a foreign bill. By the British Isles is meant any part of the United Kingdom of Great Britain and Ireland, the Islands of Man, Guernsey, Jersey, Alderney, and Sark.

According to the definition the sum payable must be certain. It is a 'sum certain' although required to be paid

- (a) With interest,
- (b) By stated instalments,
- (c) By stated instalments, with a provision that in default of payment of any instalment the whole shall become due, or,
- (d) According to an indicated rate of exchange, or according to a rate of exchange to be ascertained as directed by the bill.

A bill must be made payable on demand, or at a fixed or determinable future time. A bill is payable on demand —

(a) When expressed to be payable on demand, or at sight, or on presentation

(b) When no time for payment is expressed.

A bill is payable at a determinable future time when payable —

(a) At a fixed period after date or sight

(b) On or at a fixed period after the occurrence of a certain event which is certain to happen, though the time of happening may be uncertain. There must be no contingent circumstances

**Valid Orders to Pay** — Mr Chalmers, in his book on bills of exchange, points out that the following are *valid* :—

(a) Ten days after the death of X

(b) Ten months after H M *Suallow* is paid off.

(c) On the 1st January when X comes of age.

(d) One year after notice

(e) One year after my death

(f) Ten months after demand in writing

(g) Five years after the opening of the " S " Railway

**Invalid Orders to Pay** — The following are *invalid* —

(a) When I marry X

(b) When I am in good circumstances

(c) Thirty days after the arrival of the ship *Suallow* at Calcutta

(d) Ninety days after sight or when realised

(e) Ninety days after the dissolution of partnership between C and X, and the settling of the books

(f) Provided that the receipt form at foot hereof is duly signed, stamped and dated

### Particulars re Acceptance of Bills.

As has been said, the acceptance of a bill is the signification by such drawee of his assent to the order of the drawer.

**General Acceptance.**—An acceptance may be either *general*

or *qualified* A *General* acceptance is one which assents to the order of the drawer without qualification, *e g*

Accepted  
Payable at Parr s Bank,  
J. JONES

**Qualified Acceptance** — A qualified acceptance in express terms, varies the effect of the bill as drawn.

An acceptance is *qualified* which is —

- (a) *Conditional*, *i.e* which makes payment dependent upon some condition, *e g* “accepted payable when in funds”
- (b) *Partial*, *i.e* to pay part only of the bill, *e g* a bill drawn for £500, and accepted for £300
- (c) *Local* *i.e* to pay at a particular place, *e g* payable *only* at Parr s Bank, Lothbury
- (d) *Qualified as to time* *e g* a bill drawn at two months after date, accepted payable three after date
- (e) *Accepted by one or more of drawees, but not by all*, *e g* an acceptance by A only of a bill drawn on A, B, and C

— The holder of a bill may refuse to take a qualified acceptance, and may treat the bill as being dishonoured by non acceptance for want of a general acceptance

**Domicile.**—In accepting a bill it is usual, although not necessary, to write the word ‘accepted,’ and then to name the place of payment. This is termed *domiciling* the bill. If the bill be not domiciled the place of payment is the usual place of business or residence of the acceptor. Afterwards the signature of the acceptor is essential. In the case of a bill drawn at a certain period after sight *i.e* also necessary to write the date when it was accepted.

Example of an acceptance of a sight bill drawn two months after sight —

Accepted  
19th Nov, 19—  
Payable at Parr & Bank  
Due 22nd Jan, 19—  
JAS SLATER

A merchant, on receiving such a bill either direct or by endorsement, should immediately present it to the drawee for acceptance, for, should he omit to do so within a reasonable time, he may lose his remedy against the drawer and endorser, should the drawee refuse or fail to pay it when due

The presentation of a bill for acceptance must be made during the recognised business hours, i.e. before 4 p.m., and it is a London practice to leave the bill one day at the drawee's counting house by putting it into a box marked, "Bills for Acceptance," and to call for it the next day at the drawee's counter

**The Stamp**—An inland bill requires to be drawn on an embossed stamp bill form, which stamp cannot be effected after the bill has been accepted

The following is the *ad valorem* duty rate —

When the amount does not exceed

				£5 the stamp required is 1d
exceeds £5 and does not exceed £10,	stamp required	2d		
" £10	" " "	£25	" "	3d
" £25	" " "	£50	" "	6d
" £50	" " "	£75	" "	9d
" £75	" " "	£100	" "	1s 0d

and so on, at a rate of 1/- for every £100, and also for any fractional part of £100 if the bill exceeds £100

Bills payable "on demand," "at sight," or within "three days after date or sight," for whatever amount, require only a penny stamp either impressed or adhesive. The drawer of the bill must cancel an adhesive stamp

Bills payable in the Channel Isles and the Isle of Man are foreign bills, so far as the Stamp Act is concerned. If the bill

is not sufficiently stamped, the maker or negotiator is liable to a penalty of £10

**Stamp Duty of Foreign Bills** Drawn and expressed to be payable out of the United Kingdom, not payable on demand or within three days—when paid or endorsed or negotiated in the United Kingdom

Not exceeding £5	. . .	1d
Exceeding £5 and not exceeding £10	. . .	2d
„ £10 „ „ £25	. . .	3d.
„ £25 „ „ £100	. . .	6d.
Every £100 or fractional part		6d
Payable on demand, or within three days after date or sight, for any amount		1d.

**Special Adhesive Stamps** are required for Foreign Bills chargeable with these *ad valorem* duties

STAMP

1d

1. Example of a Bill payable to Bearer on Demand.

N<sup>o</sup> 8. *L* 749-10-0 LONDON 14<sup>th</sup> Nov<sup>r</sup>. 19—

On demand pay to Bearer Seven hundred and  
forty nine pounds ten shillings.—

Value received

per pro G. Gans & Co. Ltd.

To N.B.C., Ltd.

James Pollis

Birmingham.

Cashier.

This is usually called a "Cash order," and its use is discouraged by bankers indeed, some banks refuse to collect these cash orders

It does not require acceptance, and is payable on presentation at any time

Although the form of the bill is as exemplified on page 103, several of the particulars given are not essential

A bill is not invalid by reason —

(a) That it is not dated

(b) That it does not specify the value given, or that any value has been given for it

(c) That it does not specify the place where it is drawn or the place where it is payable

Where a bill is not payable to bearer the payee must be named or otherwise indicated with reasonable certainty. If a mistake is made in the name evidence may be given as to the person intended. Thus if the bill is payable to W Smyth, it may be shown that W Smith is intended



STAMP

1/-

2. Example of a Bill payable to Bearer at a Fixed Time.

N<sup>o</sup> 18. *£ 93* — LONDON 14<sup>th</sup> Nov. 19. —

*Two months* — after date pay to Bearer

*Ninety three pounds.* —

Value received.

To Mr J. Clarke.  
Worcester.

*John Stoneham.*

This bill is payable two calendar months from the 14th November plus three days' grace, i.e. 17th January, 19—

It is the duty of a holder to obtain acceptance of such a bill, unless drawn,

Two months after date without acceptance pay to, etc.,"

which is most unusual except in case of bills drawn on people abroad and then only to save expense of procuring the acceptance on small amounts. Some English bank forms, drawn by Branches on London Office or Agent, are worded,

"Fourteen days after date without acceptance, pay to, etc."

The custom of drawing bills to *bearer* is very limited, in fact, one is rarely seen

STAMP

6d.

3. Example of a Bill payable to Bearer at a Determinable Future Time.

N<sup>o</sup> 18      £ 50 ——— LONDON 17<sup>th</sup> Oct. 19——

Three months      after sight pay to Bearer

Fifty pounds Sterling ———

Value received

To Mr James Clarke  
Worcester

John Storcham

Bills drawn in favour of bearer whether on demand or not pass by delivery from hand to hand without endorsement. Here it will be necessary for the drawer to present the bill to the drawee for acceptance as soon as possible as the three months is reckoned from the date of acceptance or sighting of the bill. Suppose the bill were accepted by Clarke on October 19th last thus—

Accepted  
payable at A B Bank  
JAS CLARKE  
Oct 19th 19—

it would mature on 22nd January 19—.

**Value Received** —Although it is customary to add these words to a bill they are really unnecessary as it is presumed until the contrary is proved that consideration has been given for the bill.

**Accommodation Bills** —An Accommodation Bill ( Kite or Windmill ) is a bill to which the accommodating party (be he acceptor, drawer or endorser) has put his name without consideration for the purpose of benefiting or accommodating some other party who desires to raise money on it and is to provide for the bill when due.

In the case of a trade bill there is an order for payment on account of value received or goods shipped or services rendered all of which phrases are intended to imply that *means will be taken to meet the bill when it becomes due*. In the case of accommodation bills no such check exists and hence the danger attending their use.

4. Example of a Bill payable to a Third Party or His Order

STAMP

1/-

N<sup>o</sup> 183. £ 100 — LONDON Oct 17<sup>th</sup> — 19 —

At one month after date pay to ~~the~~ Order  
of The Star Motor Company, One  
hundred pounds — Value received

To Mr Jas Clarke.  
Worcesters

John Storeham

In this case, the bill is payable to the Star Motor Company, the payees, or their order by endorsement, that is to say, the payees may order the bill to be paid to another party by endorsing the name of the party to whom they wish the money to be paid. The endorsee may, if he likes, endorse the bill over to another party, and this process may continue until the last holder will present the bill to Clarke for payment. Should a bill not have sufficient space on the back to carry all the endorsements which may have to be made, a piece of paper called an *allonge* (Fr *allonger*, to lengthen), may be pasted on to it, and the further endorsements written thereon.

**Bills in Sets.**—To avoid the risk of loss and also to save time in transmission, bills drawn abroad on this country and *vice versa* are usually drawn in sets of two or three, each being like the others, except that they are specified as First, Second, or Third of Exchange. Only one, usually the First, bears the stamp duty and only one is accepted, unless of course the First be lost, when it would be necessary to have another copy stamped and accepted. The general practice among merchants is to send the First unendorsed copy, or "Via" as it is called, to their correspondents in the city on which the bill is drawn, to get it accepted, keeping another for negotiation, and when the bills are sold a merchant will put an indication on them to the effect that the accepted *via* is in the hands of his correspondents, naming them by writing across the face of the bill:—

First accepted with Messrs A B & Co.  
(the name of his correspondents)

His correspondents, having got the bill accepted, will keep it

and deliver it up to the party presenting one of the endorsed vias. Thus the risk of sending accepted bills backwards and forwards by post is avoided.

Ordinary Inland Trade Bills are not drawn in sets.

The custom appears to lean towards two copies as being sufficient, but certain places abroad still require the set of three. Where Documentary Bills are concerned, and three Bills of Lading are issued, the set of three bills becomes useful in remitting one B/L and a bill by different mails.

**Sola Bill**—It very often happens that only one bill is drawn, called a Sola Bill, or when a set is drawn and the others are not to hand, the single via is sent forward for acceptance in the usual way, and a copy of it is made and negotiated.

In such cases, the party to whom the bill is sent to get accepted, will hand it over to the presenter of the endorsed copy.

A duplicate should be made of the bill, and the word "Copy" should be legibly written on the face thereof. If there are any endorsements, these should be entered on the back of his duplicate, and after the last endorsement is entered, the phrase, "Thus for copy," should be written, so that all the writing above these words shall be taken as a true copy of the original.

A drawee should be careful not to accept two vias, as by doing so he would make himself liable to pay on both of them should they get into different hands.

### Particulars concerning the Endorsement of a Bill.

Bills drawn payable to bearer can be negotiated without endorsement, but those drawn payable to order are not transferable except by endorsement. It is well to understand at the outset that every endorser, as well as the drawer, is liable to be called upon to pay the amount of the bill, should the drawee or acceptor either refuse or fail to do so at maturity. If the holder of a bill, payable to his order, transfers it without endorsing it, the transferee obtains only as good a title to the bill as the transferor had. The transferee acquires the right to have the endorsement of the transferor (until then it is simply treated as an equitable assignment).

**Sans Recours.**—A man may endorse a bill without incurring any liability upon it, by adding to his endorsement the

words "Sans recours," or "Without recourse to me" This practice is usually adopted when one person endorses a bill as agent for another

### *The Maturity of a Bill.*

A bill is said to be discharged when duly paid at maturity directly on presentation

The bill should be presented for payment on the last day of grace, either to the acceptors or to the bank where it is domiciled

Should the last day of grace fall on Sunday, Christmas Day, or Good Friday, or a public fast or thanksgiving day, it is payable on the preceding day, but when the date of maturity falls on one of the Bank Holidays, the bill is payable on the succeeding business day

### *Discounting a Bill.*

Good inland or ordinary trade bills can be discounted by a customer with his banker By that is meant that the bank will buy the bill, with recourse against the customer who is the endorser, and all parties to the bill, giving him credit for the amount of the bill less interest or discount for the period from the date the bill is discounted to the due date of the bill The rate per cent per annum which is charged is a matter of arrangement This rate for discounting bills varies according to the financial standing of the parties subscribing the bill, the state of the money market and the Bank of England rate of discount which is increased or decreased by the directors as the scarcity or abundance of the floating supply of money renders it desirable The rate of the Joint Stock Banks and the various discounting houses is rather less than the Bank of England official rate

A commission is also charged on bills payable in the country An ordinary trade bill will demand a higher rate of discount than a bank or first class bill, i.e. a bill accepted by banks or recognised merchants and financial houses of good standing

### *Example of Banker's or Mercantile Discount*

Jas Anderson holds a three months bill, value £90, drawn on November 14th He discounts it on January 8th at a



4% per annum rate of discount What cash will he receive from the discounter?

The bill will become due and payable on February 17th. Consequently, the unexpired period of the bill is 40 days (January 8 to February 17). The banker's discount is the simple interest on £90 for 40 days at 4% per annum, which equals 7s 10d. Anderson would receive from the discounter, £90 less 7s 10d, i.e. £89 12s 2d.

### The Practice of Bankers.

Bills drawn on English Banks and Houses by their branches and agents abroad, although ostensibly English Bills, are regarded as Foreign Bills, and are sometimes termed Remittance Paper.

Bills drawn in England on persons abroad, and payable abroad, are sold or negotiated through bankers in this country, who will credit the market equivalent of the amount of the bill. The resulting amount received depends on the country on which the bill is drawn and the Course of Exchange between that country and England (v R S Osbornes *Practical Arithmetic*, Article on *Foreign Exchange*).

To obviate or lessen the risk of loss of exchange, a bill which is to be sent for collection or negotiated, should have inserted the clause, "Exchange as per endorsement," or should be drawn "payable with approved banker's cheque on London, including commission, interest, and stamps", or, again, another clause instead of the latter, when drawing on countries where the exchange is steady, is "Payable at banker's drawing rate for sight bills on date of payment."

**Periods of Bills**—The period of bills varies according to custom, or perhaps to the purposes for which they are drawn, e.g.—

Bills at *sight*, or bills to be paid immediately they are presented, are for reimbursement on account.

Bills at *short sight* or *three days' sight* are usually for returns for operation in bills, bullion, and foreign stock.

Bills at *one month* have no particular significance.

Bills at *two months* are usually mercantile bills.

Bills at *three months* are for banking operations.

**Usance.**—Bills at usance are at the customary period of

drawing bills at or on the places named, *eg* In this country the *usance* from Portugal, France, and Malta means thirty days date, from Holland and Belgium one month's date, from Spain sixty days' date, from Italy three months' date, and from New York sixty days' sight

The term is now practically obsolete

### A Bill Dishonoured.

A bill is said to be dishonoured, either when the drawee refuses to accept, or the acceptor fails to meet it when it matures

When a bill is returned to you dishonoured, either by non acceptance or non payment, it is advisable for you or your banker immediately to place it in the hands of a Notary Public (N/P) part of whose business it is to present dishonoured bills, and note and protest their non acceptance or non payment The Notary Public presents the bill on the day of dishonour at its place of domicile and demands acceptance or payment If either is refused, he *notes* its refusal by writing upon a slip which he attaches to the bill, the reply he receives, *eg* "No orders," "No funds," "Refer to drawer, etc

He also marks the bill with the date of the act of dishonour, and then initials it The fact is also recorded in a book kept for the purpose by the Notary

The following is an example of a "Noting" ticket —

MESSRS A B BROS,	
Notaries,	
Basinghall Street	
Noting 8/4	E C
No orders to pay	

### Notice of Dishonour

If the bill had been endorsed to you it would be your duty to give immediate notice of dishonour in writing to the drawer and each endorser If such notice were not given, the *drawer and endorsers would be discharged from all liability concerning the bill* After having given such notice, you may

have recourse—that is, you may demand payment plus interest and cost of noting—of the bill of the drawer or any of the endorsers

*Example of a Notice of Dishonour.*

To A B, of \_\_\_\_\_

Please take notice that { <sup>Your</sup> C D s } acceptance to { E F } yourself } dated \_\_\_\_\_, @ 3 months date, due \_\_\_\_\_, payable at \_\_\_\_\_, has been dishonoured by non payment and we hereby request immediate payment of the same with all expenses

This form of notice is sent to all parties to a dishonoured bill

**Protest**—When a foreign bill is refused acceptance or payment, it is necessary, unless marked to the contrary, to have it protested. This is done by a notary, who again presents the bill to the drawee or acceptor for acceptance or payment, as the case may be, and, in the event of his meeting with a refusal, he draws up a formal document called a *Protest*

**Renewing a Bill.**—Sometimes the acceptor, finding that he will be unable to meet his acceptance when it matures, requests to be allowed to renew it

If the drawer of the bill is satisfied that the acceptor is a man of some financial standing, he will agree to the renewal—the acceptor paying for the new bill stamp, the interest for the period of extension and commission

**Retiring a Bill.**—If the acceptor pays or *retires* an acceptance before it is due, for the purpose of gaining rebate, it is said to be “retired under discount” or “paid under rebate”

**Supra Protest.**—If a bill of exchange has been protested for dishonour by non acceptance or protested for better security, and is not overdue, any person not already liable on the bill, may, with the consent of the holder, intervene and accept the bill *supra protest* for the honour of any party liable on the bill, or for the honour of the person for whose account the bill is drawn. Such acceptance for honour may be for part only of the sum for which it is drawn

The acceptance for honour, *supra protest* must be written on the bill, and indicate that it is an acceptance for honour, and must be signed. If not expressly stating for whose honour it is made, it is deemed to be an acceptance for the honour of the drawer.

### Case of Need

At the foot of many foreign bills will be seen a memorandum thus—

In need with Messrs A B & Co

or

\* In case of need apply to Messrs A B & Co

Threadneedle Street

London E C

This is called a case of need and means that should the drawee fail to accept or having accepted should fail to meet the bill A B & Co the referee in case of need will do so for the honour of the drawer or the endorser of the bill who inserted this clause

This practice prevents the expense which would be incurred when the bill is returned through the intervening endorsers

By *accepting for honour* such acceptor engages that on due *presentment* he will pay the bill if not paid by the drawee, provided it has been duly presented for payment and protested for non payment, and that he receives notice of these facts

## FOREIGN EXCHANGE AND THE PRACTICE OF BANKERS

### Foreign Exchange

By the term *foreign exchange* is understood the liquidation of debts between two countries by an exchange of the money of one country for an equivalent amount in the money of the other country

A foreign debt may be liquidated thus —

- (a) By sending bonds or other international securities for sale
- (b) By sending goods to the value of the amount due for sale
- (c) By actually remitting coin or bullion
- (d) By cheques and bills

The fourth is the method usually adopted by merchants to liquidate their debts. Supposing you had sold goods to a customer in New York he could pay you by remitting a draft payable in London or you could draw on him for the amount

and sell the draft to a bank or bill broker in this country. Conversely, if you had bought goods from a merchant in New York, you could buy in London, and remit to him a draft on New York, or you could ask him to draw on you. He could then sell this draft in New York.

### Documentary Bills.

A Documentary Bill is a foreign B/Exc accompanied by such documents of shipment as Invoice of goods shipped, Bill of Lading, a Policy of Insurance, and sometimes, in the case of foreign shipments to this country, a Letter of Hypothecation.

Drafts against goods sold on c i f terms are generally drawn at 60 or 90 days' sight, documents attached, "documents to be surrendered on payment."

Example of Documentary Draft, drawn by B Miles & Co on Messrs W B & Co, Ltd New York, for 749 dollars. This Draft is termed the First of Exchange.

EXCHANGE FOR \$ 749

LONDON

Oct 23<sup>rd</sup> 19—

Sixty days after sight of this our 1<sup>st</sup> of Exchange  
(Second of three of same tenor & date unpaid)

New York ————— pay to the Order

of ourselves the sum of Seven hundred and forty-nine  
Dollars, value against 10 Bales, merchandise  
100/109 NB per SS "Mayflower" which place to go  
as advised. Shipping documents attached to be  
surrendered on payment.

To Messrs. W B & Co Ltd

New York. New York.

B. Miles & Co.

**Letters of Hypothecation** — These are common to sets of shipping documents relative to drafts with documents against payment, negotiated from America and the East to this country. The conditions of the L/H usually permit the holder of the bill to receive payment from the drawee under rebate (i.e. to pay the full amount of the draft, less interest for the unexpired term of the bill at the then rebate per cent per annum the rebate in this country is  $\frac{1}{2}$  % above the advertised Deposit rate of the Banks in London)

It also empowers the holder, in the event of the *drawees not taking the bill up* to sell or dispose of the goods represented by the documents to the best of his ability. In this country documentary bills (documents against payment) negotiated through London by the Colonial Banks are sometimes covered by a general letter hypothecating the relative goods of all bills negotiated by a Bank for that particular merchant otherwise they require a separate letter with each shipment or bill.

A practice has grown up amongst certain of the Foreign Banks who have opened offices in London not to trouble about a L/H relying on the fact that as they have purchased the bill and the seller's interest in it and the relative shipping documents they are in as good a position to dispose of or realise on the goods as the original holder. This view however is open to contention.

All the English Colonial Banks and most of the English Joint Stock Banks require a L/H either special or general. They safeguard their interests abroad by appointing as agents one of the branches of our big Foreign and Colonial Banks which are perfectly capable of looking after the interests of the remitting Bank.

It must be borne in mind that the English Joint Stock Banks which frequently act as the medium for the sale of documentary bills for their customers (such bills being bought by the Colonial and Foreign Banks on the English Banks' endorsement) do this business only for good class customers where the risk of recovery of the amount of the bill in the event of its non payment is reduced to a minimum. Then the Shipping Firms on this side usually have their own agent or correspondent at the place of consignment who in case of need, would realise the goods on behalf of the Bank or the Shippers.

*Example of Letter of Hypothecation*

LONDON \_\_\_\_\_ 19\_\_

TO

THE SECRETARY OF  
THE BANK OF AUSTRALASIA  
LONDON

SIR

Having negotiated through THE BANK OF AUSTRALASIA

<sup>my</sup>  
<sup>ou</sup> Bill dated \_\_\_\_\_ 19\_\_ on M \_\_\_\_\_  
of \_\_\_\_\_ at \_\_\_\_\_ days sight for £ \_\_\_\_\_ <sup>I</sup><sub>we</sub> hereby deliver  
to you the Invoice and Bill of Lading of \_\_\_\_\_ Packages of Goods shipped  
on board the \_\_\_\_\_ Captain \_\_\_\_\_ bound for  
\_\_\_\_\_ deliverable by endorsement to your Order together  
with the Policy of Insurance effected on the same to the extent of £ \_\_\_\_\_

Such shipping documents are to be held by the Bank as collateral security

In case the said Bill should be dishonoured either by non-acceptance or on payment or in the event of the <sup>d aw</sup><sub>drawee</sub> stopping payment whether before or after acceptance <sup>I</sup><sub>we</sub> hereby authorise THE BANK OF AUSTRALASIA to dispose of the said Goods in the Colony at tendered secret sale by Public Sale or otherwise on <sup>my</sup><sub>our</sub> account and risks subject to the usual Charges and Commissions the Bank being free from all responsibility whatsoever in respect of such sale and <sup>I</sup><sub>we</sub> further agree to hold <sup>my</sup><sub>ourselves</sub> liable to the Bank for any deficiency that may arise on clearing with 5 per cent re-exchange any surplus thereon being remitted to London at the current rate of Exchange for <sup>my</sup><sub>ourselves</sub> credited

In the event of any claim arising on the said Insurance <sup>I</sup><sub>we</sub> authorise the Bank to recover the amount under the policy above mentioned and <sup>I</sup><sub>we</sub> hereby assign over to the Bank for that purpose and the Bank may apply any amount so recovered in the like manner as the proceeds of the goods if sold or handed to the <sup>d aw</sup><sub>drawee</sub> if the Bill has been paid by <sup>him</sup><sub>her</sub>

The delivery to the Bank of the collateral securities before mentioned shall not prejudice claims on the Bills negotiated in case of dishonour nor shall any recourse taken thereon affect the Bank's liability to such securities to the extent of <sup>my</sup><sub>ourselves</sub> liability to the Bank as above and as between <sup>me</sup><sub>us</sub> and the Bank formal notice of the non-acceptance or non-payment of the Bills shall not be necessary nor shall the expiry of time by the Bank to the <sup>d aw</sup><sub>drawee</sub> discharge <sup>me</sup><sub>us</sub> from liability in respect thereof

Your obedient servant



### The Part played by Bills in International Trade.

*The Hovis Co of London, buy corn from R Thompson, of New York* Thompson ships the corn to London to the order of the Hovis Co, and in accordance with the terms of the order or contract, draws a bill in duplicate on them for the amount of the invoice at 60 d/s, payable London, documents against payment

Owing to the great improvements in the postal service and the acceleration of transit, it has been customary to draw only two copies of the bill

### Examples of the First and Second of Exchange

First of Exchange.

EXCHANGE FOR £370 0:0

London 19<sup>th</sup> Oct. 1914

At Sixty days sight pay this First of Exchange Seco  
unpaid to the Order of myself  
the sum of three hundred and seventy per  
sterling

Value— received —

which place to Account

To Messrs Hoivis & Co. Ltd.

R. Thompson

London, England.

" In need with Messrs P. A. & Co. for honor of R Thompson

Second of Exchange.

£ 370: 0: 0

EXCHANGE FOR

London 19<sup>th</sup> Oct. 1914.

At Sixty days sight pay this Second of Exchange Five  
unpaid to the Order of myself  
the sum of Three hundred and seventy seven

sterling

Value received - - - which place to Account.

To Messrs Morris & Co. Ltd  
London, England.

R. Thompson.

"In need with Messrs PA. & Co. for honour of R. Thompson"

Thompson, requiring cash for his business, does not send the bill and documents for collection and await the proceeds, but sells or negotiates, with recourse, the bill to a Banker in New York, together with the relative shipping documents representing the corn shipped

In order to give the purchasing Banker a better title to the corn, he gives him a Letter of Hypothecation, or power to sell or deal with the goods hypothecated, should the bill not be duly met. He receives from the Banker cash for the amount of the bill, less charges, interest, commission, etc., and unless the Hovis Co fail to meet the bill, Thompson's interest in the bill is at an end

The Banker then forwards to his agent in London, the First of Exchange endorsed over to the agent together with a duly signed copy of the Bill of Lading, Policy of Insurance, and the Letter of Hypothecation (L/H), which, on receipt by the agent in London is presented by him to the Hovis Co for acceptance, at the same time allowing them to inspect the documents to see whether they are in order

If they find them regular, the Hovis Co accept the bill payable at their Bankers, conditional on delivery of the full set of shipping documents

On returning the accepted bill and documents to the party requesting same, the Hovis Co ascertain and take note of in their B/P register, the name of the holders, so that, should they require the corn before the bill matures, they may apply and take up the bill and documents under rebate, i.e. pay the amount of the bill less discount at rebate rate (which is  $\frac{1}{2}$  % above London deposit rate) for the unexpired days from date of payment to maturity

In the meantime, the Banker in New York has by the following mail forwarded to his agent the duplicate B/Exc and shipping documents to be attached to the originals, or in the event of the First or originals having been lost, the duplicate copies would then be dealt with as originals, and the B/Exc would be presented for acceptance, etc

It is sometimes usual for the agent, on receipt of the documents of a negotiated bill, on arrival of the goods to give notice to the Dock Co or Warehouseman that they have a lien on the goods, and that they are not to be delivered except against their release.

If Hovis & Co failed to meet the bill, the holders, after having it protested, would present it through the notary to Messrs P A & Co, who have paid it for the honour of the drawers

P A & Co would draw on Thompson for the amount of the bill, plus cost of protest and any charges they may have been put to, *e g* cables, etc, commission and interest, so receiving in London in full all the money they had paid away. Or the business relations existing between a principal and agent who acts for "honour, would be such that it would all be settled in a/c current between them

### The Practice of Bankers.

**Opening an Account.**—Before opening an account for a stranger a Banker generally requires the introduction from either a customer, or the name of a responsible person to whom he can refer. In the latter case he may, as a means of identification require a specimen of the applicant's signature to forward with his letter of inquiry, thus—

#### *Banker's Letter of Inquiry*

— BANK,  
LONDON,  
(date)

DEAR SIR,

A B who desires to open a current a/c with this Bank, has given us your name as a reference

We shall be obliged if you will kindly inform us whether he is respectable, and if the connection is a desirable one for this Bank

At the same time please state whether the enclosed signature is that of 'A B

Yours faithfully

"G D Esq  
London

The applicant should not resent the questions that would probably be put to him, as the Banker must safeguard himself by gleaning as much information as possible about the business position of a prospective client. As the exchange of confidence at a first interview will pave and smooth the way for future business, no conscientious person should hesitate to answer questions, even though they may appear somewhat intimate, for

unfortunately there are individuals who would think seriously before giving a direct lie in answer to what might appear at the time a rather pertinent question, and yet will not hesitate to suppress facts during the Banker's inquiry

The nature of the account, commission to be paid for working it, and any arrangement as to over draft discount, or other accommodation, should be arrived at before actually opening the account

To open a *Partnership Account*, or one in the name of a firm, a request or authority signed by all the members of the firm in their joint and several capacity will be required

Examples showing how to open

(a) A Partnership Account

(b) A Limited Liability Company Account

*Example*

To The A—— B—— Bank, Limited.

Gentlemen,

We the undersigned\_\_\_\_\_

being the individual Partners in the Firm of\_\_\_\_\_

\_\_\_\_\_hereby request and authorize you to honour our respective  
signatures as under, for all purposes on behalf of our said Firm

Dated this\_\_\_\_\_ day of\_\_\_\_\_

\_\_\_\_\_ Will sign\_\_\_\_\_

\_\_\_\_\_ Will sign\_\_\_\_\_

\_\_\_\_\_ Will sign\_\_\_\_\_

\_\_\_\_\_ Will sign\_\_\_\_\_

\_\_\_\_\_ Will sign\_\_\_\_\_

For a *Limited Liability Company* it is necessary to have a signed copy of the minute, embodying a Special Resolution to open an account, to indicate how cheques are to be signed and endorsed (bills accepted and endorsed, if so empowered by the Articles of Association), to produce the Certificate of Incorporation, a copy of the Articles of Association, and specimen signatures of all the signing Directors and Officials.

*Example*

AT A MEETING OF THE DIRECTORS of \_\_\_\_\_

COMPANY, LIMITED held at \_\_\_\_\_

the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_

the following Resolutions were passed —

1 That the A— B— Bank Limited be instructed to pay and honour all cheques expressed to be drawn on behalf of this Company upon the banking account or accounts kept or to be kept in the name of this Company with the said Bank at any time or times, whether the banking account or accounts of this Company are overdrawn by the payment thereof or are in credit, or otherwise provided they are signed by \_\_\_\_\_

\_\_\_\_\_ and countersigned  
by \_\_\_\_\_

2 That the said Bank be instructed to pay and honour all bills and promissory notes payable at the said Bank and expressed to be accepted or made on behalf of this Company at any time or times, whether the banking account or accounts of this Company are overdrawn by the payment thereof, or are in credit or otherwise provided they are signed by \_\_\_\_\_

\_\_\_\_\_ and countersigned by  
\_\_\_\_\_

3 That as regards bills and promissory notes expressed to be drawn or endorsed on behalf of this Company the said Bank be instructed to treat such bills and promissory notes as having been duly drawn or endorsed, as the case may be on behalf of this Company and to discount or otherwise deal with the same accordingly, provided they are signed by \_\_\_\_\_

\_\_\_\_\_, and



countersigned by \_\_\_\_\_

4 That the said Bank be instructed to treat all cheques, drafts, and orders expressed to be endorsed on behalf of this Company as having been duly endorsed on behalf of this Company, provided they are signed by \_\_\_\_\_

and countersigned by \_\_\_\_\_

5 That the said Bank be instructed to treat all statements acknowledging the correctness of this Company's account or accounts with the said Bank, and all receipts for the delivery of vouchers, etc., which are expressed to be made on behalf of this Company as having been duly made on behalf of this Company, provided they are signed by \_\_\_\_\_

and countersigned by \_\_\_\_\_

6 That the Manager of the \_\_\_\_\_ Branch of the said Bank be furnished with a list of the names of the Directors, Secretary and other officers of this Company, and that he be from time to time informed in writing of any changes which may take place in them

7 That these Resolutions be communicated to the said Bank and remain in force until duly rescinded and notice thereof in writing be given to the Manager of the \_\_\_\_\_ Branch of the said Bank by the Chairman or Secretary of this Company

8 The Banking account of the Company with the said Bank, showing at this date a Balance of £ \_\_\_\_\_ was examined and found correct

Signed by us the same having previously been entered in the Minute Book, and signed therein by the Chairman

\_\_\_\_\_  
Secretary.

\_\_\_\_\_  
Chairman

Every article or amount paid into credit with the Bank, &c for immediate credit, or for collection and credit in due course, should be entered on the counterfoil of the paying in slip, and duly received or stamped by the cashier receiving it. The Pass book can then be easily checked as far as the credit side is concerned.

**Collecting Cheques, etc**—In the absence of any arrangement to the contrary, Country cheques (those invariably marked 'C' in the left hand lower corner) are credited three days after paying in Town cheques marked "T," which are cheques on London Clearing Bankers, and cheques in the London Metropolitan Clearing marked "M," are credited the same day Cheques on towns in Scotland and Ireland are usually credited three days after paying in Bills payable in the country are not usually credited until after advice of payment has been received These arrangements are common to London only in country towns all cheques are frequently credited at once and commission or interest charged.

**Deposit Accounts.**—Banks accept money on Deposit, subject to seven days notice of withdrawal, allowing interest in London at the current rate as advertised by the principal Joint Stock Banks, in the Country at fixed rates, generally about 2 per cent to 2½ per cent per annum Such accounts may be drawn against on personal application, but cheques are not usually issued for the purpose of indiscriminate drawing, the proper way being, where a depositor has a Current Account, to transfer from the Deposit Account to the Current Account on a written application or authority (such transfer does not require a Revenue Stamp) and to issue cheques on the Current Account

*Example of Transference from Deposit to Current Account.*

London \_\_\_\_\_ 19\_\_.

To the

A—— B—— Bank, Limited, London

*Please Transfer from Deposit to Current Account*

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*L*

Transfer may of course, be made in the same way from Current to Deposit Account

*Example of Transference from Current to Deposit Account*

London, \_\_\_\_\_ 19\_\_

To the

A—— B—— Bank, Limited, London

*Please Transfer from Current to Deposit Account*

£ \_\_\_\_.

**Loans.**

These are usually allowed to customers of standing and good repute for periods up to twelve months, and are matters of arrangement. Personal security is not desirable, but where taken, is in the form of a guarantee, of one or more individuals of good standing and integrity, about whose position as desirable sureties the Bank will require to make the fullest investigation.

Only where the proposed surety is to be relied on for the amount of his obligation will the proposal be entertained, as the Banker may have to call upon the guarantor for payment of the advance.

**Life Policy.**—Advances will be made to the amount of the surrender value of the policy, against an assignment of the policy to the Bank.

**Land and House Property.**—Security here is either by way of an equitable charge or legal mortgage, accompanied by the relative deeds, the title to which will have to be reported on by the Bank's solicitors, a valuation made by a competent valuer, and a declaration by the depositor that the property is free from all encumbrances, also a lodgment of a fire policy in the case of house property, and, in the case of leasehold property, receipt for the last ground rent. The equitable charge or memorandum of deposit is, in short, an undertaking by the depositor to execute a legal mortgage, if and when called upon to do so.

Banks' forms of legal mortgage usually contain a clause empowering the sale of the property in default of repayment of the advance

**Stocks and Shares** —Depositors may lodge as a security for an advance under a memorandum of deposit, bonds and other convertible securities as well as stocks and shares, but in the latter, Bankers prefer a transfer. Shares etc., of industrial companies are not usually accepted by Bankers as security

**Produce** —Loans against documents representing goods are of a varying character as to duration, rates and governing conditions. They are generally granted for periods not exceeding three months. Procedure is by lodgment of Bs/L, or Warehouse Warrants under a special form of charge and must be accompanied by receipt for freight in case of Bs/L, or for Warehouse rent if old warrants. A broker's valuation of the goods about to be pledged is also necessary as well as a marine or fire policy

Bankers' forms of security are invariably drawn to cover all advances whether by loan overdraft, or discount and are a continuing security

### Remitting Money Abroad

The principal Banks undertake this business either directly or through agents. The more ordinary ways are —

(1) **By Mail Transfer**, i.e. to remit and pay either on application, or on advice, or credit, a person's account at a Bank. Full name and address also specimen signature, must be forwarded when giving instructions to the Banker here. The amount may be in sterling or currency, and it must be made clear whether the remitter will bear all costs or whether they are to be deducted from the amount remitted. Should it be necessary to cable the money the additional expenses attending the cable will have to be met and a signed letter of indemnity given to the Bank. With an ordinary mail transfer it is understood that the Bank this side is free of responsibility after money has left their control.

*Example*

TO THE

A ——— B ——— Bank, Limited.

Gentlemen,

*I*  
*We* beg to request that you will despatch a Telegraphic Message, either literally or in Cypher, direct or through your Agents, to \_\_\_\_\_ based upon the instructions at foot hereof, it being distinctly understood that the said message is to be sent entirely at  $\frac{\text{my}}{\text{our}}$  risk, and that you are not to be held liable for the consequences of any delay mistake, or omission, which may happen in its transmission, from its misinterpretation when received, or from errors in identification.

Yours faithfully,

## INSTRUCTIONS

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*Form of Acknowledgment*

From BILL DEPARTMENT

To—21—Bank Limited,

LONDON

P C

19—

10

We have arranged for the following Cable transfer at your risk and on your responsibility

All responsibility is disclaimed for errors and delays outside this Office

(2) **By Draft**, which is procurable from your Bankers, who will, if they have an agent at the place required, issue a draft, or, failing an agent, purchase one for the amount wanted. They can be obtained either in sterling or currency, and charges or commission will either be deducted from the amount, adjusted in the exchange, or borne by the purchaser.

*Form of Order.*

*Date* 19 \_\_\_\_

A — B — Bank, Limited.

Please procure the following Drafts \_\_\_\_\_

Place of payment \_\_\_\_\_

In whose favour \_\_\_\_\_

Payable in the currency  
of the Country for the  
equivalent of . . . } \_\_\_\_\_

**Circular Notes** — Circular notes for travellers' use, usually in sums of £10 and £20, are issued by most Banks, and are payable by their Agents at various places all over the world, enumerated on the Letter of Indication accompanying the Notes, and are payable at the current rate of exchange, less the paying Banker's charges.

*Example of Instructions re Payment of Circular Notes*

**General Instructions to Foreign Correspondents of the A—B—  
Bank Limited regarding payment of Circular Notes and Letters of  
Credit**

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**CIRCULAR NOTES**

THE Bearers of Circular Notes are to be paid the full value of the Notes they present at the current rate of exchange of the day

To ensure the payment of the amount of the Notes to the proper person it is essential that the person who presents the Notes be requested to write his or her name on the back of them *in the presence of the Banker* from whom payment is required and that the signature be then compared with that on the Letter of Indication

The Banker paying the Notes may reimburse himself by immediately drawing at sight *free of Commission* on the A—B— Bank Limited London stating on the draft the numbers of the Circular Notes against which he has drawn which will render any Letter of Advice unnecessary Or if more convenient he may negotiate the Circular Notes themselves instead of drawing for the amount of them

The A—B— Bank Limited issues Circular Notes of £10 and £20 Each note is signed by two officers and the numbers of the Notes issued to each traveller are specified on the Letter of Indication



*Example of Circular Credit Note.*

A——— B——— Bank,  
Limited

LETTRE DE CREDIT CIRCULAIRE POUR £20 STERLING.

No

A Londres, le 19

Messieurs les Banquiers

designes dans nos Lettres d'Indication,

Cette lettre vous sera remise par

dont vous trouverez la signature dans notre Lettre d'Indication, Je vous prie de vouloir bien lui compter, sans frais quelconques, la valeur de Vingt Livres sterlings, au cours à vue sur Londres, contre sa traite ci jointe sur cette Banque

J'ai l'honneur d'être,

Messieurs,

Votre très obéissant serviteur,

CHEF DE COMPTABILITÉ

GERANT GÉNÉRAL.

*Reverse Side of Above.*

A——— B——— Bank,  
Limited  
London

£ 20 0 0

À vue payez à l'ordre de

Vingt Livres Sterling valeur reçue à

ce

19

Insert the name of the person cashing the bill also place and date

Il faut insérer l'endosseur et la date

*Example of Letter of Indication.*

## IMPORTANT INSTRUCTIONS.

As a precaution against forgery the holder of this Indication Letter is requested immediately on receipt thereof to insert his signature at foot in the space left for that purpose and to keep the Circular Notes separate from the Letter. He is also requested to endorse the notes in the presence of the Banker of whom payment is required. Any loss arising through disregard of these instructions or from the negligence of the holder is to fall on the holder.

The name of the place where each note is changed and the date, must be inserted in the blank space at the back of the note.

When no longer required this letter should be destroyed or returned to the Bank.

## LETTRE D'INDICATION.

A ——— B ——— Bank, Limited.

Londres, le ——— 19—.

Messieurs,

*Cette Lettre vous sera présentée par*

*qui est muni de nos Billets Circulaires Nos ——— pour son voyage. Nous vous prions de lui en fournir la valeur au cours à vue sur notre place, et sans déductions de frais, à mesure qu'il le demandera.*

*Vous observerez que tout agio sur espèces d'or, ou d'argent, et tous frais extraordinaires doivent être supportés par le porteur.*

*Recommandant ce voyageur à vos attentions, et vous remerciant à sa signature ci-jointe, nous avons l'honneur d'être,*

Messieurs,

Vos très obéissants Serveurs,

————— Gerant

Signature du Porteur

(See instructions above.)

[A list of the Bank's branches throughout the world here follows.]

**Letters of Credit** —Letters of Credit for a fixed sum, usually not less than £50, are also procurable. They are available for a definite period, and the amount is drawable in any sums to the amount of the credit at certain fixed places arranged for by the procuror, as each sum is paid, the paying Banker endorses the amount he has paid on the space provided on the letter of credit, and obtains the signature of the holder to a form of draft on the issuing Bank by which he recoups himself for the amount paid.

*Example of Instructions re Letters of Credit*

**LETTERS OF CREDIT**

The Letters of Credit issued by the A—— B—— Bank Limited are specially addressed to particular Bankers. These documents also bear two signatures and are issued in different amounts.

The Commission and all charges on Letters of Credit are to be paid by the holders of such Letters and the Banker paying them will take in reimbursement the draft on the A—— B—— Bank Limited (form on back of document) of the party in whose favour the Letter of Credit is granted for the amount thereof only and deduct his charges when he pays over the money.

*Example of Circular Letter of Credit*

THIS CREDIT IS PAYABLE ONLY AT THE BANKS NAMED ON 3RD PAGE. IT IS PARTICULARLY REQUESTED THAT THE SPARKS WILL KEEP THIS LETTER IN HIS OWN POSSESSION AND IN CASE OF LOSS AT ONCE GIVE NOTICE TO US

A—— B — Bank,  
Limited,  
London, 19 —

Telegraphic Address  
PROBITH LONDON

£10

POUNDS

Gentlemen,

We request that you will have the goodness to  
furnish the bearer with any funds  
may require to the extent of £ (say  
Pounds Sterling) against drafts upon  
us as per our special advice of

Each draft must bear the number 210 of this  
letter, and we engage that the same shall meet due honour.

Whatever sums may  
take up, you will please endorse on the back of this Circular Letter  
which is to continue in force till 19 from  
the present date — 19 .

We are, respectfully,  
Gentleman,

Your obedient Servants,

Joint General Managers

To Messieurs

The Banks mentioned on the  
third page of this Letter of Credit

NOT EXCEEDED

*Example of Back of Circular Letter*

Date when paid	By whom paid	Name of Town	Amount paid expressed in words	Amount in figures.	Banker's Name	Place

**Mercantile Credits.**—Mercantile credits are arranged available against delivery of shipping or other documents for specific goods to the value of a given amount, the addressee of the credit holding the amount at the disposal of the payee according to the terms of the credit. In all credits the grantors undertake to honour the drafts drawn in proper form, according to the terms of the credit on regular presentation.

## LETTERS ON FINANCIAL SUBJECTS.

### 1.

#### *Collection of Accounts.*

BUCK & HICKMAN LTD.,  
Contractors,  
Manufacturers & Merchants  
Consulting & Mechanical  
Engineers  
Telephone Nos :  
7981, Central,  
Six Lines  
Telegrams "Roebuck London."

2 & 4 WHITECHAPEL ROAD,  
1, 2, 3, 4, 5, 6 & 7, UNION ST.,  
WHITECHAPEL ROAD,  
LONDON, 18 Oct 19—  
B

Messrs Holdcroft & Sons —

— Exeter —

DEAR SIR,

We shall be much obliged if you will favour us with a cheque in settlement of account rendered to Sept 30

Yours faithfully,

Amount £44 10 0

## 1a.

BUCK & HICKMAN LTD  
Contractors  
Manufacturers & Merchants  
Consulting & Mechanical  
Engineers.

Telephone Nos  
7981 Central  
9ix Lines

Telegrams Roebuck London "

2 & 4 WHITECHAPEL ROAD,  
1, 2, 3, 4, 5, 6 & 7, UNION ST.,  
WHITECHAPEL ROAD,

LONDON, 22 Oct 19--

E

SECOND APPLICATION

Messrs Holdcroft & Sons

Exeter

DEAR SIR,

We beg to refer you to our letter of 18th inst, asking for settlement of account rendered to Sept 30, and must request you to be good enough to give same your prompt attention, as the account is now overdue

Yours faithfully,

Amount £44 10 0

## 1b.

BUCK & HICKMAN LTD,  
Contractors,  
Manufacturers & Merchants  
Consulting & Mechanical  
Engineers

Telephone Nos  
7981 Central.  
Four Lines.

Telegrams, Roebuck London "

2 & 4 WHITECHAPEL ROAD,  
1, 2, 3, 4, 5, 6 & 7 UNION ST.,  
WHITECHAPEL ROAD,

LONDON, 29 Oct 19--

E

THIRD APPLICATION

Messrs Holdcroft & Sons

Exeter

DEAR SIR,

We have to remind you that we have already written to you twice asking for payment of account rendered to Sept 30, which is now much overdue

We must request you to forward a cheque in settlement per return of post

Yours faithfully,

Amount £44 10 0

## 1c.

BUCK & HICKMAN,  
Manufacturers of  
Saws Files Planes  
Engineers & Mechanics Tools  
Wholesale & Export Ironmongers  
Iron & Metal Merchants  
Telephone Nos.  
844 845 & 1828 Avenue  
Telegrams 'Roebuck London'

2 & 4 WHITECHAPEL ROAD  
1, 2, 3, 4, 5 6 & 7, UNION ST.,  
WHITECHAPEL ROAD  
LONDON 1 Nov 19--  
E

FOURTH AND FINAL APPLICATION

Messrs Holdcroft & Sons, —

Exeter —

DEAR SIR

We have to remind you that our account rendered to Sept 30  
is still unpaid and that we have already made three applications for  
same

Unless a settlement is made within seven days from date we shall be  
compelled to place the account with our *Solicitors* for collection

Yours faithfully

Amount £44 10 0

## 2.

*Asking that a Bill be drawn to settle Account*

GOWER STREET,  
LONDON W O,  
12 Feb, 19--.

MESSRS BROWN AND CO.,  
Leeds

DEAR SIRS

Referring to your application for settlement of account due Feb  
1st I should esteem it a favour if you would draw on me at 2 months net  
from March 1, as I have to make some heavy payments during the next  
fortnight

Trusting that to accommodate me you will not be put to any financial  
inconvenience,

Yours truly,  
J O ROBERTS (75)

2a. *Reply.*

LEEDS

13 Feb, 19—.

MESSRS J B ROBERTS,  
Gower Street,  
London, W C.

DEAR SIR

In reply to yours of the 12th current we beg to state that our terms are  $2\frac{1}{2}\%$  discount for cash or one month net and as the net amount became due on March 1st we have drawn on you for amount of invoice, plus two months' interest at 5 % per annum

We should like to add at this juncture that it is not usual in our business to draw and accept Bills, and it must be clearly understood that we have made an exception in your case in departing from this rule

Kindly accept same and return it to us in due course

Yours truly,

BROWN AND CO (123)

2b. *Asking for a Renewal of Bill.*

YORK

18 Jan, 19—.

MESSRS JONES AND SMITH,  
Birmingham

DEAR SIRS

I should esteem it a great favour if you will renew my acceptance No 84, due Jan 28th, for £384, say for two months.

The premises, adjoining our offices, came into the market last week, and it was in our firm's interest that we should purchase them

The negotiations have just been completed, and we have consequently been obliged to pay rather a large deposit at very short notice

We trust that you will be able to accommodate us without causing any inconvenience to yourselves

Yours truly,

HARRISON AND CO (100)

2c *Reply regretting Inability to renew the Bill*

STAFFORD,

19 Jan, 19—.

MESSRS HARRISON AND CO,  
York

DEAR SIR

In reply to yours of yesterday's date, asking for a 2 months' renewal of acceptance No 84 due Jan 28th, for £384, we beg to state that, according to our usual custom we have discounted it, and are consequently unable to comply with your request

We hope you will be successful in raising the amount before the Bill matures

Yours truly,

JONES AND CO. (76)



2d. *Reply consenting to the Renewal. Enclosing new Draft*

BIRMINGHAM,

19 Jan, 19—.

MESSRS HARRISON AND CO,  
York,

DEAR SIRS,

We were much astonished to receive yours of yesterday's date asking for renewal of your acceptance due 29th inst

According to our usual practice, we have discounted the Bill, and we never entertained any request for renewal

The circumstances in your case being certainly exceptional we have, after consideration decided to comply with your request

We shall make provision for the Bill to be taken up, and now enclose new draft No 137 for £387/9/6, dated Feb 1 at 2 m/d, which please accept and return to us

Yours truly,

JONES AND SMITH (103)

Acceptance No 84 . . .	£384	0	0
2 months interest @ 5% per annum	£3	4	0
Bill stamp . . .		4	0
Commission . . . . .		1	6
Total . . . . .	£387	9	6

## 3.

*First Via Missing*

NEW YORK

8 July, 19—.

TO MESSRS LEVER BROTHERS,  
London

GENTLEMEN,

We cabled you to day thus — 'First of exchange, \$2000 on Anglo American Bank, our order, missing,' and we received your cabled reply as follows — "Forwarded with advice" In your letter of advice of the 26th ult, you advise us that you enclosed a draft in our favour for \$2,000 We are unable to find same Whether it has inadvertently been mislaid by us, or whether you unintentionally omitted to enclose it, we cannot say

We have given notice to the drawees, and told them to honour only the second of exchange through our Bankers, and with our own endorsement If you will kindly forward us the second via, we agree to indemnify you against any loss which may be incurred in connection with same

Yours faithfully,

*per pro* Globe Mining Syndicate,

H MALCOLM,

Manager (145)

## 4

*Bill drawn to reimburse a Payment made against a  
Letter of Credit*

PHILADELPHIA

18 July 19—

To R CURRIE & Co  
London

GENTLEMEN

We beg to inform you that we have to-day paid to Mr W Thomson £300 in accordance with the terms of your Letter of Credit in favour of this gentleman. Enclosed please find receipt for the amount which with half per cent commission 30/ and postages 1/6 totals £301 11s 6d.

We have drawn upon you at the Exchange of \$4.85 namely for \$1462.63 to our own order. Kindly note and honour our draft when presented.

We remain

Yours faithfully

KARL FRIEDMAN & Co (39)

## 5

*Advice of Bill drawn*

LONDON

9 June 19—

MESSRS POIRELLE ET CIE  
Paris

GENTLEMEN

Confirming our letter of the 7th inst. we beg to inform you that we have to-day drawn on you for —

Frs 15 400 to the order of K Meyer at 2 months date which amount has been credited to you.

Please note and honour same on presentation.

We are Gentlemen

Yours faithfully

CARTER & Co (63)

## 5a Reply

PARIS

11 June 19—

To MESSRS CARTER & Co,  
London

GENTLEMEN

We beg to acknowledge the receipt of your favour of the 9th current advising that you have drawn on us for

Frs 15 400 to the order of K Meyer at two months date with which your account has been debited.

The same will be honoured on presentation.

Yours faithfully

POIRELLE ET CIE (62)

## 6

*Bill sent for Collection*

LONDON,  
12 June, 19—

TO MESSRS THE ANGLO AMERICAN BANKING CO, LTD,  
New York

GENTLEMEN,

We beg to remit herewith the following drafts with which amounts please credit us and advise us on receipt of same in due course namely —

\$2500 at sight on James & Co  
\$3000 per July 22nd on the Asbestos Co, Ltd  
\$5500 payable in New York

We are Gentlemen

Yours faithfully,

MORTON AND FIELD (70)

6a *Acknowledgment*

NEW YORK,  
19 June 19—

TO MESSRS MORTON AND FIELD,  
London

GENTLEMEN

We beg to acknowledge the receipt of yours of the 12th current per s s *Macedonia* remitting us drafts value \$5500 which we have placed to your credit as per enclosed statement

Yours faithfully

per pro The Anglo American Banking Co Ltd,

R ROBERTS

Manager (58)

## 7.

*Bill Dishonoured Explanation demanded*

LONDON,  
23 June, 19—.

MESSRS MACDONALD BROTHERS,  
Glasgow

GENTLEMEN

We regret to state that your acceptance for £450 due 22nd inst, has been returned to us by our Bankers marked "Refer to drawer"

We are rather amazed at such a proceeding considering our esteemed relations of the past ten years and we fancy that there must be some oversight on their part We shall esteem it a favour if you will wire us your explanation of this occurrence and remit us the amount

Yours faithfully

J & R RENDALL BROTHERS (90)

## 7a. Reply

GLASGOW

24 June 19—

TO MESSRS J & P PENDALL, BROTHERS,  
London

GENTLEMEN

In reply to yours of the 23rd current we wired you immediately on receipt of same thus Regret irregularity explanation follows This wire we now beg to confirm

We apologize for the occurrence and we beg to state that the unfortunate circumstances arose through an oversight on the part of our cashier As you are aware we made our bill payable at the Westgate branch of the Bank of Scotland and some six weeks ago we transferred our account to the Victoria Street branch Our cashier ought to have notified you of the change At the same time we blame the Bank of Scotland for lack of tact in the matter and on our pointing this out to them, they explained that as their manager was away the new cashier not having a knowledge of our banking account returned the bill without giving us any notification of same

We thank you for the courtesy and consideration you have shown us on this regrettable affair and we assure you that such an event will not happen again. Kindly debit our account for any expenses incurred We enclose a draft for £450 on London in payment of the bill which please return to us in due course

Yours faithfully

MACDONALD BROTHERS (232)

### Commercial Abbreviations and Phrases referring to Cheques, Bills, etc.

a/c—Account

a/d—After date

amt—Amount

Ad val—Latin, *ad valorem* according to value

a/o—account of.

a/s—at sight

B/D—Bank Draft

B/E—Bill of Exchange

Bonâ fide—In good faith.

B/P—Bills Payable

B P B —Bank Post Bill.

B R—Bills Receivable

B S—Balance Sheet or Bill of Sale

C/—Currency or Coupon

C—Latin *centum*, a hundred, per cent, %

Chq—Cheque

- C/o—Cash order  
 C o D —Cash on Delivery  
 C/N—Credit Note  
 Cum d/ or Cum div —With dividend  
 D—Latin *denarius* a penny 500  
 D/A—Documents Attached or Documents for Acceptance  
 D B —Day Book  
 d/d —Days after date  
 D/D—Demand Draft  
 Dft —Draft  
 Dis —Discount  
 Div —Dividend  
 Dies non—The legal day  
 d/s—Days sight  
 D/P—Documents against Payment.  
 Exch —Exchange  
 Int —Interest  
 Inv —Invoice  
 I O U —I owe you  
 L —Latin *libra* pound sterling  
 L/C—Letter of credit  
 L/s—Latin *Locus s. jlli* the place of the seal  
 M/C—Marginal Credit or Metallic currency  
 M/d—Months after date  
 Mo —Month  
 M O —Money Order  
 M O O —Money Order Office  
 M/s—Months after sight  
 n/a—Non acceptance  
 N/A—No Advice (Banking)  
 N/e—No effects (Banking)  
 N/f—No funds (Banking)  
 N/o—No orders  
 N P —Notary Public  
 N/p—Non payment  
 N/s —Not sufficient (Banking)  
 N S —New Style  
 o c —Overcharge  
 o/d —On demand overdraught  
 O R —Official Receiver  
 O S —Outstanding Old style  
 % —Per cent for a hundred

- $\frac{\circ}{\infty}$ —Per mille for a thousand  
 P/A—Power of Attorney  
 p c—Per cent  
 Per annum—By the year  
 Per capita—By the head  
 Per contra—On the other side  
 Per diem—By the day  
 Per se—By itself  
 Pm—Premium  
 P/N—Promissory Note  
 P O O—Post Office Order Postal Order  
 Prima facie—At first sight  
 Pro Forma—For the sake of form  
 Quid pro quo—One thing for another  
 R/D—Refer to Drawer (Banking)  
 Rs—Rupees  
 R S O—Rural Sub (Post) Office  
 §—Dollar  
 S—Latin *solidus* Shilling South  
 S O—Sub Office  
 Stg—Sterling  
 Sub judice—Under consideration  
 S P—Supra Protest  
 S L—Latin *Locus Sgilli* the place of the seal  
 Subprena—Under a penalty  
 Sub rosa—Under the rose privately  
 T M O—Telegraph Money Order  
 T O—Telegraph Office turn over  
 T T—Telegraphic Transfer  
 Ultra vires—Beyond one's legal powers  
 Ut infra—As below  
 Ut supra—As above stated  
 Vr—Voucher  
 x. d, xd or ex div—Ex dividend i. e. without the dividend

## EXERCISES

1 What is the difference between

(a) An order cheque and a bearer cheque?

(b) An open cheque and a crossed cheque?

2 What advantage has a bearer cheque over an order cheque?

3 A cheque may be altered from bearer to order and vice versa Explain how this may be done in each case and state in what circumstances a crossing may be altered or added to

4 Explain how the crossing of a cheque affects it Show various forms of crossing Would a cheque bearing the following be regarded as a crossed cheque ?

/   
 & Co

5 In what way may a cheque be endorsed ? Show how you would turn a general into a special endorsement Does the following cheque require endorsement ?

Pay to the order of Messrs A B & Co or bearer Suppose in the above example the word bearer were struck out but the word order was not inserted should the cheque be treated as payable to bearer ?

6 What is the effect of not presenting a cheque within a reasonable time of its issue ?

7 Is any protection afforded the drawer of a cheque who crosses it generally and marks it not negotiable ?

8 Write out a cheque for £19 10s drawn on the Lancashire and Yorkshire Banking Co by Jas Hill in favour of John Dale in such a way as will prevent any person but the payee cashing it

Suppose in the above example John Dale lost the cheque What steps should he take to prevent the loss of the money which the cheque represents ?

9 What form of cheque do you recommend for general use by business men and why ?

10 Mention one or two advantages of the cheque system Draw out a form of cheque on the London and Lancashire Bank Limited for £110 9s 6d in favour of Jas Herbert & Sons Sign it John Truelove and make it as safe a document as you know how

11 Give definitions of a Cheque a Bill of Exchange and a Promissory Note

12 What duties are imposed upon a banker on whom a cheque is drawn ?

13 Define a signature by procuration to a bill note or cheque and state its effect ?

14 How may a blank endorsement be converted into a special endorsement without incurring the liabilities of an endorser ?

15 Define and illustrate the term restrictive endorsement

16 Are two halfpenny adhesive stamps sufficient on a cheque ? Give reasons for your answer

- 17 What are the chief precautions a bank cash er should take both in receiving credits for a customer and in paying cheques?
- 18 An unknown man presents for payment an open cheque payable to John Smith or order but not endorsed. He states that he is John Smith but is unable to write. What should the bank cashier do?
- 19 What is your opinion of the following endorsements on cheques?—
- (a) Payable to the Trustees of R Roberts and endorsed—  
For self and Co trustees of R Roberts K Robertson
  - (b) Payable to R Roberts or bearer and endorsed—  
Pay to the order of K Robertson R Roberts
  - (c) Payable to R Roberts or order and endorsed—  
R Roberts with a further endorsement below—  
Pay to the order of H Dyer K. Robinson  
Give reasons for your answers in each case
- 20 Define in your own words a negotiable instrument
- 21 An order on a banker to pay a sum of money is sent you with the condition that the money is only going to be paid on your signing dating and stamping the receipt form for the amount at the foot of the document. Is this a cheque? Give your reasons
- 22 Define a cheque and a bill of exchange and point out in what particular an order drawn by A on his banker to the order of X ages one hundred pounds does not conform to them
- 23 What is meant by saying that a cheque is dishonoured? In what cases will a cheque be dishonoured? Or a B/E? What should then be done?
- 24 Explain the not negotiable crossing
- 25 When do receipts for money require stamping? When would you give a receipt on account. On behalf of your employer John Bright you called on Ford & Co to collect an account amounting to £10 7s 8d and Ford & Co handed you a cheque for £7 carrying £3 forward as goods on hand. Show the form of receipt
- 26 Give as many reasons as you can to account for the great part played in modern commerce by Bills of Exchange
- 27 J Askam & Co London owes Woolley & Co Leeds £350 and it is arranged that a three months draft shall be drawn to day for the amount plus 5% interest per annum and stamp duty. Draw the draft payable to the order of ourselves. Show the acceptance and endorse it to G Street & Co
- 28 Explain as fully as you can what you understand by discounting a draft
- 29 Thos Robinson of Birmingham buys goods value £75 of J Ritchie & Co London. On October 13th J Ritchie & Co draw on Robinson at three months date to their own order. Draw the draft and show the acceptance. Ritchie & Co endorse the acceptance specially to R King Bros. Show the endorsement. If the bill were discounted on December 8th what would the banker give for it? Reckon a 4% rate of mercantile discount
- 30 Explain Drawer Drawee Payee and Endorser as used in Bills of Exchange
- 31 How would a bill be drawn which was intended to be payable on a certain day without days of grace?



32 Explain the difference (if any) between—(a) A general acceptance and (b) a qualified acceptance of a bill Give an example of each to illustrate your answer

33 If the last day of grace is a Bank Holiday on what day is a bill due?

34 The holder of a bill payable to his order transfers it for value without endorsing it What are the rights of the transferee?

35 The drawer of a bill accepts it payable at the Joint Stock Bank Fleet Street Is this a qualified acceptance?

36 What is the meaning of exchange as per endorsement? In what bills is the clause inserted?

37 In what cases must a bill be presented for acceptance?

38 What is meant by a partial endorsement of a bill and has it any effect?

39 Explain the meaning of the terms First Second and Third of Exchange and their object

40 When is a bill payable if the last day of grace is a Sunday and the second day of grace is a Bank Holiday?

41 What are the consequences of the non presentation of a bill on its due date?

42 What is the meaning of the following indication on a Bill of Exchange— First and in need with Messrs X & Co ?

43 Define a qualified acceptance How may an acceptance be qualified?

44 A bill is drawn in Leeds on B who resides in London B accepts it payable in Berlin Is that an inland or foreign bill? Give your reasons

45 What English stamps are required upon the following documents? State whether impressed or adhesive —

(a) Bill for £70 drawn in New York at 60 d/s payable in Paris and negotiated in London

(b) Bill drawn in the Isle of Man for £200 at 3 m/d and payable in Birmingham

(c) Inland promissory note for £70 payable on demand

(d) Inland promissory note for £250 with interest at 5% payable at three months after date

46 On what dates are the following inland bills payable?

(a) Dated Nov 30 at three months date

(b) Dated April 30 at three months date

(c) Dated Nov 24 at one month's date (Christmas Day is on a Friday)

47 When must a bill be presented for acceptance?

48 Enumerate the class of bills that must be drawn on a 1d Bill stamp

49 How may a bill be accepted for honour Supra Protest? What liabilities does the acceptor for honour incur?

50 D Orsey & Co of Seville have exported oranges to J Williams of London to the value of £600 and draw upon him for the amount at 60 days date payable to the order of Saumarez & Co The latter sells it to Gil Blas & Co who remit it to C Brown & Co London with whom they have an account Draw the bill representing the transaction and insert

In case of need for the honour of of both drawer and Gil Blas & Co Explain the advantage of inserting a case of need

51 Define a foreign Bill of Exchange A merchant in London J Jones exports £500 worth of goods to a customer in Vienna N Hausmann Draw a bill representing the transaction To provide against the cost of re exchange in the event of the bill being dishonoured insert in it a referee in case of need for the drawer's honour

52 Give an illustration of a non negotiable Bill of Exchange

53 You have received a foreign bill and presented it to the drawee for acceptance which is refused What would you do with it?

54 Show (a) a sight draft for £300 on Berlin exchange as per endorsement and (b) state the amount the drawer would be required to pay the rate of exchange being 20 41

55 R Littlewood & Co of Calcutta and London have sold in Calcutta 380 pcs of Printed Cottons on behalf of S Stevenson Bros Manchester at Rs 18 the piece The charges amounted to Rs 194 Draw a draft on the London Branch of R Littlewood & Co at 30 d/s for the net proceeds (Exchange 1 3½)

56 Draw a Bill of Exchange at 3 m/s for £194 18s 4d as from Messrs Tilling & Sons London on Messrs S & R Garcia Buenos Aires Date the Bill Oct 19 and state the due date

57 Draw a Joint and Several Promissory Note for £280

58 A friend lends you £25 and in return asks you for an I O U Show the form it would take

59 What do the following terms mean —Short Bills Long Bills Sight Bills Vouchers Trade Paper?

60 John Wentworth is the Secretary of the Excelsior Oil Company Ltd and his usual signature is J Wentworth How should he endorse cheques sent to him in the ordinary way of business payable to (a) John Wentworth (b) James Wentworth (c) Secretary of Excelsior Co?

61 Messrs A B of Liverpool send a consignment of goods to Messrs C D of Bombay and request them to remit the proceeds by a 3 m/s draft on London The goods realise Rs 3980 and Messrs C D remit the money on 8th July by a draft on the National Bank of India London The draft is accepted August 3 It is afterwards endorsed to the Liverpool Banking Co or order Draw the First of the draft in sterling show the acceptance and endorsement and state due date (Rate of exchange 1/3½)

#### SUBJECTS FOR LETTERS ON FINANCIAL AFFAIRS

1 Write a letter explaining what is meant by deposit a/c and all details in connection with paying moneys into a bank

2 Write a letter informing an agent how remittances may be made from Berlin to London

3 Write a letter from a banker to his customer advising him of the receipt for his credit of a remittance of £98 18s consisting of (a) cash sundries £58 18s and (b) a bill for £40 due in a week's time

4 A B has sent a remittance of £ 8 10s 6d to a banker for account of a customer C D to whom it is desired that advice of its receipt shall also be sent Write a letter acknowledging its receipt

5, A B has sent a remittance of £50 to his bankers Write a letter acknowledging its receipt, and pointing out that the account is still over drawn to the amount of £38 10s

6 Give notice of dishonour of an acceptance sent to you for collection from abroad and request directions

7 Write a letter, dated to day, acknowledging the receipt of an invoice and forwarding a cheque for the amount, viz £37 14s 6d

8 Write a circular Letter of Credit with endorsements thereon and a Letter of Advice to those to whom it is addressed

9 (a) Write a letter requesting that a bill be drawn to settle an account

(b) Reply to (a) refusing to draw a bill and giving reasons

(c) Reply to (a) agreeing with their request, and enclosing a draft

10 (a) Write a letter asking that a bill be renewed, say for one month

(b) Reply to (a) regretting inability to renew

11 Write a letter advising the drawee that you have drawn on him for Mks 1800—to the order of K Schmidt @ 3 mos

12 Write a letter to your banker remitting several drafts and ask him to pass the amounts to your credit

13 Write a letter to the drawer of the draft stating that for some reason or other you are unable to accept the same, and give a reply

14 (a) A bill has been returned to you marked 'No funds.' Write a letter asking for an explanation

(b) Replying to (a) regretting the occurrence, and giving the reason for its return

15 Write letters on the following subjects —

(a) Bill sent for acceptance

(b) Bill remitted for discount

(c) Bill returned for non acceptance

(d) Advice of bill drawn against shipping documents.

(e) Acknowledging the receipt of a cheque

(f) Returning draft duly accepted

(g) A reply to (f) and stating that the bill was drawn in error

(h) Enclosing cheque value £18 on a/c and giving explanation for non payment of whole amount due

(i) Making a final application for the settlement of an account

(k) A reply to (i) asking for a fortnight's grace.

16 Write a letter in reply to the following —

BANK OF BRITAIN,  
 LOMBARD STREET,  
 14 Dec 19—.

DEAR SIR

I beg to acknowledge receipt of your letter of the 13th inst, enclosing chq £28 for your credit Your account is still overdrawn, the balance to your debit at the close of business to day being £37 14s, and I shall be obliged by your placing it to credit at an early date

I am dear sir

Yours faithfully,

J JONES

Manager (75)

J CHILDS, Esq

## CHAPTER VI

### THE PURCHASE AND SALE OF GOODS

#### Inland Trade

*THE chief documents used in ordinary inland commercial transactions are —*

- 1 Prices Current or Price Current.
- 2 Price Lists and Quotations
- 3 Tenders or Estimates, Firm Offers
- 4 Orders
- 5 Contract Notes (Bought and Sold Notes).
- 6 Delivery Orders
- 7 Invoices
- 8 Debit Notes and Credit Notes
- 9 Statements
- 10 Cheques
- 11 Bills of Exchange
- 12 Receipts

1 **Prices Current or Price Current (P C)** is a statement showing the current or market price of the goods at the time of publication. It is issued periodically with a Market Report, and is published in the daily papers and in the various trade journals.

Many merchants forward to their customers at intervals *prices current*, which show the state of the market in the particular commodity named. As the price is a variable one, merchants are not obliged to sell at the prices named therein.

2 **Price List**—Whereas the Prices Current only shows the *market* price of goods offered for sale, the *Price List* shows the *definite* price of such goods.

These lists are issued by manufacturers, merchants, and

retailers to their customers, either through the agency of the newspapers or in the form of a circular, booklet or brochure

*Example of Price List*

BROWN JOHNSON & CO.,  
HULL

Varnishes for Decorators House Painters Paperhangers etc

	Per gallon
	£ s d
Best Elastic Body Varnish	1 0 0
Super or French Oil Varnish	0 18 0
Superior White Marble Varnish	1 0 0
Pale Elastic Carriage Varnish	0 14 0
Superior Pale Copal Varnish	0 14 0
Best Pale Copal Varnish	0 12 0
Pale Copal Varnish	0 9 6
Pale Maple Varnish	0 10 6
Superior Pale Amber Varnish	0 12 0
Pale Floor Varnish	0 7 6
Eggshell Flattening Varnish	0 12 0
Superior Hard Church Oak Varnish	0 9 0
Hard Church Oak Varnish	0 7 6
Superior Black Japan	0 12 0
Best Brunswick Black	0 5 6
Best Pale Gold Size	0 8 6
Best Japan Gold Size	0 7 6
Pale Terebinte	0 7 6
Dark Terebinte or Liquid Dryers	0 5 6
Best Gilder's Gold Size	0 8 6
Specialties for { Best Crystal Paper Varnish	0 10 6
Paperhangers { Best Oil Crystal Varnish	0 10 6
{ Best Copal Paper Varnish	0 10 6
{ Fine Oak Paper Varnish	0 6 0
Best Pale Oak Varnish for outside	0 10 6
Pale Oak Varnish for outside	0 8 6
Fine Oak Varnish for outside	0 6 6
Best Pale Oak Varnish for inside	0 10 6
Pale Oak Varnish for inside	0 7 6
Fine Oak Varnish for inside	0 6 0
Special Pale Oak Varnish for Jobbing Work	0 5 6
Hard Drying Oak Varnish	0 6 0
(Specialty for Venetian Blinds)	
White and Brown Hard Spirit Varnish	0 5 6
Red and Black Hard Spirit Varnish	0 6 6
French Polish (Yellow)	0 6 0
White Black and Red French Polish	0 7 6
Patent Knotting	0 7 6

Spirit Varnish Stains	} in all } colours }	.. .	Per gallon
Oil Varnish Stains			£ s d
Water Stains			0 7 6

All our varnishes are fully matured and carefully tried before being forwarded

Special Coach Builders and Ship Builders Lasts on application

A **Quotation** is a fixed price at which the seller is agreed to deliver a certain class of goods to his customer. A quotation is usually given by the manufacturer or wholesale merchant to a customer in reply to a particular inquiry. It is thus a particularized form of Price List

### *Example of Quotation*

BROWN JOHNSON & CO

Varnish and Japan Manufacturers  
Hull

### *Special Quotation*

	s	d
Pale Elastic Carriage Varnish	14	0 per gall
Superior Pale Amber	12	0
Pale Floor	7	6

N B —All our varnishes are fully matured and carefully tried before being forwarded

3 A **Tender or Estimate** is an offer in writing under taking to carry out some specified work or to supply certain goods at terms and prices stated in the specification or tender

When a body requires certain work to be done or certain articles to be supplied it usually advertises for specifications. These are submitted by the contractors interested in the form of tenders which are opened at a specified time, and the one best suited to the requirements of the body is accepted. Until such acceptance of the tender there is no binding contract

### *Example of Estimate*

To MESSRS SMITH ROBINSON & Co.,  
LONDON

In answer to your kind inquiry re price and conditions of delivery of ' Best Pale Oak Varnish ' we shall be pleased to supply one thousand gallons of best Pale Oak Varnish at 8s 6d per gallon quality as previously supplied in free one gallon tins delivery to be taken by the end of June 19— in minimum quantities of one hundred gallons each

Terms 5 % monthly

(Signed) BROWN JOHNSON & Co

A **Firm Offer** is the offering of one person to another the opportunity of buying certain goods at a given price if such offer be accepted within a given time. Until the time fixed has expired or the possible acceptor of the Firm Offer has refused the option the owner of the goods is obliged to deliver such goods at the prices terms and conditions named. It is really a gamble against the market.

### *Example of Firm Offer*

Referring to your letter of yesterday I now offer you until 12 noon on Friday next one thousand gallons of Best Pale Oak Varnish at 8s 6d per gallon. Terms and conditions of delivery as heretofore."

4 An **Order** is a verbal or written instruction requesting that a specified quantity of goods be supplied at the prices and upon the terms mentioned.

General merchants send out order sheets for the goods bought by them. These are usually in printed form and contain the conditions which the buyer wishes the seller to fulfil.

### *Example of Order Form*

TELEGRAPHIC ADDRESS  
VARNISH LONDON  
TELEPHONE No  
9874 Central

Order number to be  
quoted in invoice 98

LONDON  
19 August 19

To MESSRS BROWN JOHNSON & CO  
Hull

Please supply the undermentioned goods at your earliest convenience and oblige

Yours faithfully

SMITH ROBINSON & CO

70 gallons Pale Maple Varnish at 10s 6d per gallon

60 Superior Black Japan at 12s

20 Best Elastic Body Varnish at 20s

Forward per Great Northern Railway

A contract of sale of goods is defined by the Sale of Goods Act 1893 as a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a money consideration called the price.

That there is a money consideration or price distinguishes

a sale from an exchange or barter. A contract of sale may be made in writing, either with or without seal, or by word of mouth, or partly in writing and partly by word of mouth, or it may be implied from the conduct of the parties.

With regard to contracts for the sale of any goods of the value of £10 or upwards, the Sale of Goods Act provides that in order that such a contract may be enforceable by action, one of the following conditions must be complied with —

(a) The buyer must accept part of the goods so sold and actually receive the same, or

(b) He must give something in earnest to bind the contract, or in part payment, or

(c) Some note or memorandum in writing of the contract must be made and signed by the party to be charged, or his agent on that behalf.

**Earnest money** means money or other articles given by the buyer to the seller, and accepted by the latter, as indicating his agreement to the sale.

**Part payment** means payment of part of the price, either in money or anything accepted in part satisfaction of the price.

The contract may be upon a single order form, or it may be contained in a series of letters.

An **Agent** is one who is employed by another (called a principal) for the purpose of entering into legal relations with a third party on behalf of the principal.

An **Auctioneer** is an agent who is authorised to sell goods or merchandise by public auction. He is primarily an agent for the seller.

A **Factor** is an agent employed to sell goods or merchandise consigned or delivered to him by or for his principal for a compensation.

A **Broker** has been defined to be an agent employed to make bargains and contracts in matters of trade, commerce or navigation, between other parties, for a compensation called brokerage.

A factor may be thus distinguished from a broker —

(a) A factor has possession of the goods. A broker has not such possession.



(b) A factor may sell in his own name A broker may not

(c) A factor is always personally liable on his contracts unless he contracts specially as agent

A broker is never personally liable unless he contracts as principal

An **Insurance broker** is an agent who negotiates a policy of insurance, whether house, life, fire, marine, or what not

A **Commission agent** is a person employed to buy or sell goods for a principal on the best possible terms, receiving a commission by way of remuneration for his services The term is usually applied to persons who buy or sell for a foreign principal A commission agent who contracts on behalf of a foreign principal is usually liable personally

A **Del credere agent** is one who acts as agent on a sale, on the special terms that, if the third party fails to carry out his part of the agreement, the agent will indemnify his principal against loss The contract is styled a "del credere contract"

5 A **Contract Note** is issued when one person has bought goods of or sold goods to another, and they are issued so that the terms and conditions of the purchase or sale may be definitely stated and agreed upon

It is thus a memorandum of a transaction carried out by a broker on behalf of his principal

Contract notes relating to the sale of goods are exempt from stamp duty.

### *Example of Bought Note*

LONDON,  
5 July 19—.

BOUGHT OF MESSRS BROWN, JOHNSON & CO, HULL

One Thousand gallons of Best Pale Oak Varnish at 8s 6d per gallon, quality as previously supplied, in free one gallon tins, delivery to be taken by us by the end of June, 19—, in minimum quantities of One Hundred Gallons each

Terms 5 % Monthly

Signed,

SMITH, ROBINSON & Co

*Example of Sold Note*

HELL,  
5 July 19—

SOLD TO MESSRS SMITH ROBINSON & CO LONDON

One Thousand gallons of Best Pale Oak Varnish at 8s 6d per gallon quality as previously supplied in free one gallon tins delivery to be taken by them by the end of June 19— in minimum quantities of One Hundred Gallons each

Terms 5 % Monthly

Signed

BROWN ROBINSON & Co

6 A **Delivery Order (D O)** is a document in writing usually on a printed form given by the owner of goods lodged in a warehouse dock or wharf instructing the superintendent of the docks to deliver goods to the person named thereon, or to his order or to bearer. A delivery order is thus negotiable and if drawn to order is transferable by endorsement. It must bear a penny stamp

*Example of Delivery Order*

Counterfoil	No 8	LONDON E C	19—
	To THE SUPERINTENDENT —		
	Please deliver to _____		
	the undermentioned Goods entered by _____		
	on _____ in the Ship _____		
	Captain _____ from _____		
	Charges _____		
	_____		
	Marks	No	
	_____		

**Warehouse Warrants (W/W) and Dock Warrants (D W)** are receipts for goods lodged in one of the recognized bonded or other warehouses or in warehouse at the docks showing chiefly the date of entry the number of the lot the rotation number the warehouse where they are stored the name of the person to whom they are to be delivered and the date rent commences

Each receipt requires a 3d stamp. When only one warrant has been issued for a whole parcel of goods such is known as a **Primo Warrant**. Like a delivery order, a warrant is transferable

*Example of a Dock Warrant*

19—,

What

## WARRANT

for

Lot	19—
Rotations	
Warehouse	87
Customs	3082

Entered by

and sold by A B &amp; Co

19—

Deliverable to

or assigns by endorsement hereon. Rent commences

on

at

per package per week and all

other charges

Prompt

19—,

**7 An Invoice** is a detailed statement of goods purchased, and is given or sent by the seller to the buyer at the time the goods are delivered

In addition to the printed heading, the following particulars should be given —

The date of despatch

The name of the buyer

The terms

The quality—by description or number

The quantity—length, weight, number, volume, etc.

The price

The charges for packing if any

The total amount

Whether carriage paid or forward

How forwarded—by rail, canal, etc

The distinguishing marks on bales, cases, etc

**A Pro forma invoice** is one made out for form's sake

It is made out usually — .

(a) In order to find out what the prices and charges may be

(b) When the buyer is unknown to the seller, and no reference having been given, it is necessary for payment to be made before delivery of goods

(c) When the seller does not wish, for some reason or other, to open a credit account with the buyer, the latter will be obliged to forward a cheque for the *pro forma* invoice total

(d) For the use of the Customs authorities when goods are being consigned abroad

### Weighing Terms

The gross weight of a delivery of goods is the weight of the goods and, in addition the weight of the cases, vessels, sacks, chests etc., in which the goods are packed

The tare weight is the weight of the cases, etc., in which the goods are packed

The net weight is the gross weight, less the tare weight

**Tret** is an old customary allowance of 4 lbs on every 104 lbs on certain goods, as a compensation to the buyer for loss sustained in course of transit

**Draft or Waste** is an allowance made on the gross weight of goods, in consideration of their being damp or mixed with dust, sand or other foreign matter

**Suttleweight** is a term (rarely used) applied to weight when tare has been deducted, but the tret has yet to be allowed

**Ullage** is an allowance for deficiency in quantity, due to evaporation, leakage etc. It is used chiefly in the wine trade

### Payment Terms.

**Loco price** is the price quoted at the place where the goods lie, and does not include any charges for transit

**At Station** means that the price includes the cost of the goods plus the cartage from the warehouse of the seller to the station

**On rail** includes the cost of the goods, the cartage plus the loading charges into the trucks of the railway company

**F A S**—free alongside ship—means that the price of the goods covers all charges necessary to placing the goods in the lighters alongside the ship

**F O B**—free on board—is the F A S price plus the cost of placing the goods on board ship

**C & F**—cost and freight, F O B charges plus freightage  
Freight is a steamer's charge for carrying the goods

**C I F**—cost, insurance and freight—signifies that the price of the goods covers their cost and all charges made to the port of destination

**Franco, Rendu, or Free** usually includes the C I F price plus foreign import duty and cartage from the docks to the buyer's premises

**In bond** refers to imported goods liable to excise or customs duties, and which are deposited in a bonded warehouse until the duty has been paid. This duty is paid by the buyer

**Duty paid** signifies that the price includes the duty which has been paid by the seller

### Delivery Terms

**A Prompt delivery** means an immediate delivery

**A Prompt sale** is the selling of goods for delivery and payment on a stated day

**To arrive** means the delivery of goods as soon as the ship upon which the goods are or shall be shipped arrives at the docks

**Forward delivery** means the delivery of the goods at some future date

**Spot** denotes the place where the goods are at the time the sale is effected, and means a prompt delivery

**Ex warehouse** signifies that the buyer must provide conveyance from the warehouse

**Ex quay** means that the purchaser must take delivery of the goods when landed at the quay

**Ex ship** means that the purchaser must deliver the goods from the ship's side

**Shipment and Sailing** means that the goods must be placed on board the ship during the period named, *e.g.* "6th March shipment" means that the goods must be put on board, and that the vessel must sail not later than 6th March

### Payment Terms.

**Cash on delivery (C O D)** means that payment must be made at the time the goods are handed over by the carrier

**Prompt cash** means payment within a day or two (after delivery of the goods) without discount

**Net cash or Ready cash** means payment within 10 days without discount

**2½ per cent. for cash** denotes that 2½ per cent. will be deducted from the invoice amount if payment is made within 7 or 14 days in accordance with the terms quoted

**2½ per cent. one month** means that a discount of 2½ per cent., or 6d. in the £1, will be allowed on the cost of the goods if payment is made within one month from the date of delivery

**Three months net** means that payment must be made within three months from date of delivery, and that no discount will be allowed

**Payment by one month's draft** denotes the payment of the invoice amount by means of a Bill of Exchange (B/E) at one month from date

**Prompt cash less four months** means payment of goods delivered within a few days, less four months interest at, say, 4 per cent. per annum

**Cash against documents** means that the invoice amount is to be paid when the shipping documents (B/L and Insurance Policy) have been presented

**Documents against acceptance (D/A)** means that the shipping documents are not to be handed over to the buyer until he has accepted the B/E drawn against the value of the goods

**Documents against payment (D/P)** denotes that the buyer must pay the amount of the draft (B/E) drawn against the goods before the shipping documents relating to the goods are handed to him

### Discount.

Discount is an allowance made upon the payment of a sum of money under certain conditions. If goods are bought of the value of £30, and the invoice states "5 per cent in 30 days," the buyer, if he pays the invoice amount within 30 days from the date of the delivery of the goods, need only pay the seller the sum of £28 10s, thereby being allowed £1 10s. for discount

There are two forms of commercial discount —

(a) **Cash discount** is an allowance made on the prompt payment of a debt, or payment before the bill is due, or within a specified period, as illustrated above

(b) **Trade discount** is an allowance made by wholesale merchants and manufacturers to retail dealers. It varies, according to the custom of the trade, from  $2\frac{1}{2}$  per cent upwards, and is irrespective of time. When the market price of copper is, say, £75 per ton, the wholesale merchant or manufacturer allows his retail dealers 15 per cent trade discount. If the market price of copper drops, say, to £70 per ton, instead of altering his catalogue price of each copper article, he simply allows his retailers more cash discount, thereby saving himself much labour. Trade discount is always deducted from the price of goods as shown on the invoice, so that only the net amount is posted to the ledger.

### Examples of Invoices

### Example 1

Please address all communications to the firm

TELEGRAMS  
ENDURABLE HULL  
TELEPHONE  
3974

BOUGHT OF MESSRS BROWN JOHNSON & CO,  
Varnish and Japan Manufacturers

HULL  
13 JUL 19--

TO MESSRS SMITH ROBINSON & CO.,  
LONDON

Terms 5 / Monthly

Folio No	1000 gallons Best Pale Oak Varnish	8/6	£425	—	—



## Example 2

TELEGRAPHIC ADDRESS  
SMART LONDON  
TRADE MARK S & S

TELEPHONE NOS  
374 and 3908

MARKET STREET LIVERPOOL

7 January 19—

TO THE WOOLWICH GAS CO

BOUGHT OF SMITH & SMART LTD,  
Manufacturers of Tubes and Fittings

Terms 5 % one month

			£	s	D	£	s	D
20	Lengths gas tube—400 in	4d	6	13	4			
40	—550 in	4½d	10	6	3			
12	, —900 in	4½d	3	10	10			
	Trade discount 2½ per cent		20	10	5			
			5	2	7			
40	Long screws steam	1s	2	0	0	15	7	10
	Trade discount 83½ per cent		0	13	4			
						1	6	8
	Cash discount 5 per cent					16	14	8
						—	16	9
						15	17	9

Received by chq £15 17s 9d

B SMART

Per pro SMITH & SMART LTD,

29 Jan 19—

## Example 3

DEWSBURY

17 April 19—

MESSRS J BARKER & CO BRADFORD

BOUGHT OF BROWN & CO  
Wool Merchants

Terms Prompt cash less 4 mos

No	Tare	cwt	qr	lb		£	s	D
741	9	3	3	14				
649	9	7	1	12				
374	9	6	3	2				
	Gross	18	0	0				
	Tare			27				
	Net	17	3	1	or 1989 lb at 6d per lb	49	14	6

E & O E

(i.e. Errors and omissions excepted)

Omissions or errors in the making out of an invoice may be remedied, either by a new corrected invoice being sent, or as is more usual, the use of a Debit or Credit note. In the latter case there is *no need of an alteration in the Day Book*.

A Debit Note (D N) is a statement in the form of an invoice sent by the *seller* to his customer the *debtor*, showing the particulars with which the debtor is being *debited*.

*Example of Debit Note*

LONDON E C,  
7 October, 19—

MESSRS JOHN'S & Co,  
BIRMINGHAM

DE TO JAMES ARNOLD & CO LTD

To undercharging of goods as per invoice dated October 1 19—	£	s	d
	—	17	—
To undercasting of Invoice dated October 1, 19—	1	—	—
	£1	17	—

A Credit Note is a statement in the form of an invoice sent by the *seller* to his customer the *debtor*, showing the particulars with which the debtor is being *credited*.

*Example of Credit Note*

LONDON E C,  
17 October, 19—

MESSRS JOHN'S & Co  
BIRMINGHAM

CR IN A/C WITH JAS ARNOLD & CO LTD

By abatement re Invoice of October 14 19—	£	s	d
	1	6	—
By return of goods Invoiced October 14 19—	3	7	—
By overcharging of Invoice of date October 14 19—	—	10	—
	£5	2	—

A Statement is an account of goods owing, and is issued to the debtor at regular periods—usually the first day of each month or quarter—giving dates and amounts only of each delivery of goods since the last balancing together, with any charges thereon.

*Example of Statement.*

TELEGRAMS  
 • ENDURABLE HULL  
 TELEPHONE  
 3374

To MESSRS SMITH, ROBINSON & Co.,  
 LONDON.

DE TO MESSRS BROWN JOHNSON & CO.,

Varnish and Japan Manufacturers  
 HULL

31 July 19—

Terms 5 % Monthly

Bankers Lancashire and Yorkshire Banking Co., Ltd

July	13	To Goods .. ..						£425	—	—
------	----	----------------	--	--	--	--	--	------	---	---

Such a form as the above reminds the firm of the pay day and also verifies the account between a creditor and debtor.

When a statement is paid, it is usual to enclose with the cheque a printed form (as follows) which prevents a letter being written and sent with each payment.

*Example*

19—

MESSRS

DEAR SIRS

Herewith we beg to hand you cheque value £        in settlement  
 of your account to        as per statement enclosed    Kindly  
 acknowledge receipt, and oblige

Yours faithfully

## TRANSACTION NO 2

## "Varnish"

*Sellers —*

V R NISH & Co LTD  
Varnish and Japan Manufacturers,  
LONDON

*Buyers —*

E & J WOODWARD BROS.,  
LEICESTER.

## 1 Letter Making Offer

Please address all communications to the firm

PREMIER CONF & PRINTS  
COLOURS LTD

TELEGRAMS  
"ELASTIC" LONDON  
TELEPHONES 388  
390,  
400

V R NISH & CO LIMITED  
Varnish Japan and Enamel Manufacturers

LONDON  
21 July 19—

MESSRS E &amp; J WOODWARD BROS

LEICESTER.

DEAR SIRS

We beg to refer to the call of our representative Mr Jones and now have much pleasure in sending you a sample of our

## FINE PALE OAK VARNISH

for which our price is 5s per gallon in one gallon tins tins free less 5 % quarterly

We shall esteem it a favour if you will kindly test this sample and we feel sure that you will be thoroughly pleased with the quality

Hoping to be favoured with your esteemed orders for this line and assuring you of our best attention to your commands at all times

Yours faithfully

p pro V R NISH &amp; Co LTD

C CHARLES  
(Manager)

## 2 Letter Ordering Goods

ORDER NO 2303

LEICESTER

23 July 19—

MESSRS V R NISH &amp; Co LTD

LONDON

DEAR SIRS

We beg to acknowledge with thanks the receipt of a sample of

## FINE PALE OAK VARNISH

We will test it and let you know our opinion of it in due course

Please forward us the under noted goods and oblige

Yours truly  
E WOODWARD

10 gallons Blue Enamel

5 Red

Per Midland Railway

## 3 Reply Enclosing Invoice

Please address all communications to the firm

PREMIER CODE & PRIVATE  
CODES USEDTELEGRAMS  
ELASIC LONDON  
TELEPHONE 398  
399  
400V R NISH & CO LTD  
Varnish Japan and Enamel Manufacturers  
LONDON

24 July 19—

MESSRS E & J WOODWARD BROS  
LEICESTER

DEAR SIRs

We beg to thank you for your esteemed order No 2308 of the 23rd inst for 10 gallons Blue Enamel and 5 gallons Red Enamel

The same has had our best attention and the goods have been despatched to day per Midland Railway as per Invoice inclosed

Trusting the goods will arrive in good condition and hoping to be favoured with your further orders

Yours faithfully

C CHARLES  
(Manager)

## 4 Invoice

Please address all communications to the firm

PREMIER CODE & PRIVATE  
CODES USEDTELEGRAMS  
ELASIC LONDON  
TELEPHONE 398  
399,  
400.V R NISH & CO LTD  
Varnish Japan and Enamel Manufacturers  
LONDON

24 July 19—

MESSRS E & J WOODWARD BROS  
LEICESTER

Terms 5% monthly

Folio No	10 Gallons Blue Enamel 5 Red 2 Drums (7/6 4/ )	11/6 14/	£	s	d
			5	15	—
			3	10	
			—	11	6
			£9	16	6

## 5 Credit Note

91.6

LONDON

30 July 19—

MESSRS E &amp; J WOODWARD BROS

LEICESTER

## CREDIT NOTE

FROM V R NISH &amp; CO LTD,

Varnish and Japan Manufacturers

LONDON

		£	s	d
	1 1/2 Gallon Tin			
	1 1/2			
	1 1/2			
	1			
	2 Gallons			
1	5 Drum or Taper		4	—
	6			
1	10		7	6
	12			
	1/2 Gallon Stone Jar			
	1/2			
	1/2			
	1			
	2 Gallons			
	1 Pint Glass Bottles			
	1 Quart			
	Casks			
	Cases			
	Kegs			
		£	11	6

N B —Empties must be returned Carriage Paid in good condition  
No returns credited before received

## 6. Statement.

To—

LONDON,  
31 July, 19—MESSRS E & J WOODWARD BROS.,  
LEICESTER

DR TO V R NISH &amp; CO LTD

Bankers London County and Westminster Bank

July	27	To Goods				£	s	d
"	30	By Empties				—	16	6
							11	6
						£)	5	0
		Terms 5 % monthly a/c						

## 7. Letter Enclosing Cheque.

LEICESTER  
3 August 19—MESSRS V R NISH & Co, LTD,  
LONDON

DEAR SIRS,

Enclosed we beg to hand you cheque £8 15s 9d, in settlement of our account to the end of last month, as per statement enclosed

Acknowledgment of receipt in due course will oblige

With reference to the sample of FINE PALE OAK VARNISH which you sent us on the 21st ult we beg to state that after a careful test we have found it answers our purpose very well indeed and shall be glad if you will forward us 25 gallons in five 5 gallon drums

Yours faithfully

E &amp; J WOODWARD BROS

## TRANSACTION NO 3

## "Artificial Stone"

*Sellers —*

MESSRS F SMITH & Co,  
WALTHAM ABBEY  
ESSEX

*Buyers —*

MESSRS J FINDLAY & SONS,  
24 HIGH STREET  
LONDON

## 1 Asking for Quotation

24 HIGH STREET  
LONDON  
7 January 19—

TO MESSRS F SMITH & CO  
Waltham Abbey,  
Essex

DEAR SIRS

Will you please quote your lowest price for the following Artificial Stone delivered to our job

No 8—9 × 7 Moulded Solid Steps with one circular end  
No 10 12 × 6 Moulded Spandril Steps with holes  $1\frac{1}{2}$  ×  $1\frac{1}{2}$  in each  
No 2—6 Moulded Landings 5 0' × 5 0' finished fair all round  
No 4—9 × 6 Moulded Landing Steps notched for landing  
All steps to be 5 0' long

Yours faithfully

p p J FINDLAY & SONS  
W F S

## 2 Reply

1 Encl

2 SUN STREET  
WALTHAM ABBEY  
ESSEX

8 January 19—

TO MESSRS J FINDLAY & SONS  
24 High Street  
London

DEAR SIRS

Enclosed please find our estimate for steps and landings which we hope will enable you to place the order with us. Should you do so it shall have our very best attention

Yours faithfully

p p F SMITH & Co,  
E P H



## 3 Estimate

F SMITH &amp; CO

Artificial Stone Manufacturers

WALTHAM ABBEY ESSEX

8 January 19--

TO MESSRS J FINDLAY &amp; SONS

24 HIGH STREET

LONDON

Terms 9½% in 1 month from date of invoice

		£ s d		
To make and deliver you to unload get in ho st and fix the following —				
No 8	9 x 7 Moulded Solid Steps with one circular end 5 0' long at	5/	2	0 0
10	12 x 6 Moulded Spandril Step with two holes cut for balusters 5 0' long at	8/	4	0 0
2	6 Landngs 5 0' x 5 0' moulded and finished fair all round at	40/	4	0 0
4	9' x 6 Moulded Landing steps with end notched for Landing 5 0' at	10/	2	0 0
			<u>£12</u>	<u>0 0</u>

Time of Delivery—three weeks from date

## 4 Acceptance of Estimate

HIGH STREET

LONDON

9 January 19--

TO MESSRS F SMITH &amp; CO

2 SUN STREET

WALTHAM ABBEY

DEAR SIRs

Your letter and estimate of the 8th inst to hand this morning  
 We have pleasure in accepting same subject to your guarantee of delivery  
 in three weeks from date All goods to be subjected to architect's approval

Yours faithfully

p p J FINDLAY &amp; SONS

W F S

## 5 Appreciating Order

2 SUN STREET

WALTHAM ABBEY

10 January 19--

TO MESSRS J FINDLAY &amp; SONS

LONDON

DEAR SIRs

We thank you for your order of the 9th inst We are willing to  
 agree to your terms viz delivery in three weeks from 8th January

We are

Yours faithfully

p p F SMITH &amp; CO

E F H.

## 6 Invoice

2 SUN STREET  
WALTHAM ABBEY  
28 January 19

Messrs J FINDLAY & SONS  
HIGH STREET  
LONDON

DR TO F SMITH & CO

Terms  $2\frac{1}{2}\%$  cash in one month from date of invoice

No	8	9	7	Moulded Solid Steps at	8/-	£	s	d
10	12	×	6	Spandril Steps at	8/-	2	0	0
2	6			Landings 5 0' × 5 0' at	40	4	0	0
4	9	×	6	Land ng Steps at	10/-	2	0	0
						£12	0	0

## 7 Letter with Cheque Enclosed

HIGH STREET  
LONDON  
25 February 19—

TO F SMITH & CO  
2 Sun Street  
Waltham Abbey

DEAR SIR

Enclosed please find cheque value £11 14s 0d in settlement of account

Please acknowledge receipt in due course

Yours faithfully

Per pro J FINDLAY & SONS  
W F S

## 8 Acknowledging Receipt of Cheque

WALTHAM ABBEY  
ESSEX  
26 February 19—

Messrs J FINDLAY & SONS  
High Street  
London

DEAR SIR

We have the pleasure to acknowledge receipt of your favour of the 25th inst enclosing cheque value £11 14s 0d which has been duly placed to your credit

With thanks and soliciting your further commands

We are

Yours faithfully

F SMITH & CO

ABBREVIATIONS USED IN CONNECTION WITH THE  
HOME TRADE

- A1 — First class (of ships)  
 A/S — Account Sales  
 C/ — Case    C/s — Cases  
 c f — Cost and freight  
 c i f — Cost insurance and freight  
 c f o — Cost for orders  
 C H — Custom House  
 Deb — Debenture  
 D/O — Delivery Order  
 D/N — Debit Note  
 D/W — Dock Warrant  
 D W — Dead Weight  
 E L — Errors Excepted  
 E & O L — Errors and Omissions Excepted  
 F a q — Fair average quality  
 F g — Fully good (Cotton)  
 F o r — Free on rail  
 F O — Firm Offer or Firm Order  
 F r t — Freight  
 G m b — Good marketable brand  
 G r w t — Gross weight  
 H M C — His Majesty's Customs  
 Inse — Insurance  
 M M A — Merchandise Marks Act  
 M I P — Marine Insurance Policy  
 M/u — Making up (price)  
 P/C — Prices Current  
 Pcs — Pieces (of cloth)  
 R C H — Railway Clearing House  
 R I — Re insurance  
 S G — *Salvus Gratia* (for the sake of safety) = Insured  
 T L O — Total loss only (Insurance)  
 U/wrs — Underwriters  
 W b — Way bill or Water ballast.

## EXERCISES

- 1 What do the following abbreviations signify?—do etc re memo advert pcls inv a/c
- 2 Draw up an invoice for —16 gross of pencils @ 1s 11d per gross 5½ doz rulers @ 1s 2d per doz 14 gross @ 11d per gross 70 bottles of gum @ 7s 6d per doz carriage 1s 5d discount 2½ %
- 3 Explain the following abbreviations —quar bonâ fide vide contra
- 4 Make out an invoice for —4½ doz half hose @ 16s 11d 5/12 doz football jerseys @ 23s 8 doz ties @ 8s 6d 8/12 doz caps @ 11s discount 2½ %
- 5 Calculate the following discounts —12½ % on £56 6s 6d 1 % on £9 0 5s 3 % on £24 19s 1½ % on £7 10s
- 6 What is meant by rendering an account to a customer?
- 7 You are given a number of letters some with enclosures to place in envelopes address and post What plan would you adopt to avoid any mistakes?
- 8 (a) Type an extended invoice covering the following details —  
*Buyers* Carter Page & Co Green Lanes Hornsey  
*Sellers* Mann & Colborne Broad Street Birmingham  
*Date* 18 March 19—  
 3 No 96 15-galls Swing Water Barrows at 25s 2 No 97 30 galls Garden Engines at 102s 6d 6 No 89 M Hose Reels at 11s 12 No 14 Size 3 Scraper Mats at 6s 9d 6 No 193 Wood Top Tables 46 × 24 at 25s 6d 36 No 406 Lounge Chairs at 10s 18 No 173 Size 3 Finsbury Lounge Seats with footrests at 48s 9d Per L & N W R Carr pd  
 (b) The buyers discover an error in the addition of the invoice referred to in the preceding question Write a letter to the sellers calling their attention to the matter  
 (c) Write a suitable reply to the foregoing letter on behalf of sellers
- 9 What are a Price list Price current Pro forma invoice and a Firm offer?
- 10 Explain the meaning of the following abbreviations —B/E G M Q O/S P/N A/C O/R C/R C O D D/O B/L and L S
- 11 Explain the nature and purpose of the following commercial documents —Account Invoice Contract note Debit note and Credit note
- 12 Distinguish between Trade Discount and Cash Discount and explain what is meant when an invoice is marked 5 % 1 mo prompt
- 13 Rule and write out an Invoice for the following goods filling in whatever other particulars you please to give your draught the appearance of actuality —  
 102 as 100 yds Light Fancy Tweed at 2s 9d per yard  
 99 as 89 yds Black Vicuna at 2s per yard  
 43 as 42 yds Blue Serge at 1s 10d per yard  
 Then rule and make out a Statement of account for the goods amount 7½ % and hence pt the account

14 What do you understand by the following expressions:—Gross Net, Tare, Draft?

15 Calculate  $1\frac{1}{2}\%$  on £79 10s 7d  $7\frac{1}{2}\%$  on £143 10s 9d,  $6\%$  on £42 7s 4d, and interest on £31 12s 6d for 2 mo at  $3\%$  p a

16 Rule a form of invoice (putting in whatever particulars you please to give it actuality), and enter the following—

3 Pcs Sheeting 52 No 40 1/62, 1/80 1/97 = 239 yds at  $6\frac{1}{2}d$

6 " " 69 " 2/6 $\frac{1}{2}$  2/66 2/68 = 396 " at  $9\frac{1}{2}d$

5 " " 70 " 3/70, 2/69 $\frac{1}{2}$  = 349 " at  $9\frac{1}{2}d$

Deduct  $3\frac{1}{2}\%$  discount

17 (a) Draw up a series of short letters embodying the following transactions including the documents mentioned, except price list (i) Letter asking for price list and samples of goods, (ii) reply enclosing same, (iii) letter enclosing order from price list, (iv) letter announcing despatch of goods and enclosing invoice (v) letter enclosing cheque crossed specially for goods received

(b) Make a précis of the correspondence in 'a'

From the following notes, draw up a series of letters. Addresses need not be inserted after the first two letters—

18 (a) From W Jones & Co Ironmongers, Birmingham to G Smith, Nottingham, enclosing Price List and soliciting orders

(b) From Smith to Jones, acknowledging Price List and ordering  $\frac{1}{2}$  doz Garden Shovels at 18s,  $\frac{1}{2}$  doz Rakes at 15s 6d 2 Lawn Mowers at 19s 11d

(c) From Jones to Smith, notifying despatch of goods, and enclosing invoice (which include)

(d) From Smith to Jones, acknowledging receipt of goods expressing satisfaction, and enclosing cheque (which include)

(e) From Jones to Smith enclosing receipt and requesting further orders

Make a précis of the correspondence in Question 18

19 The following is a specimen page of a receipt book. Copy it and fill it in for an amount of £2 12s 6d

No	No	Date
Date	Received of	
Name		
	the sum of	
Amount £		
Signed	£	Signed

20 What is meant by "confirming" a telegram?

21 Make an invoice for the following—25 yards as 24 Dark Tweed, at 2s 7d, 20 yards as 19, Fine Cheviot at 2s 9d 53 yards as 52 Blue Serge, at 2s 1d, 27 yards as 26, Overcoating, at 4s 5d Discount, 15 per cent

22 Draw up a specimen page of a *Petty Cash Book*, and make the following entries—1 May, postage stamps, 2s 9d, parcel to Dublin, 1s 3d, wrappers, 7 $\frac{1}{2}d$  3 May, cab fare, 1s, receipt book, 9d 4 May, stamps, 10d, carriage—S Long, 8d

23 What is ?—

- (a) Parcels Receipt Book
- (b) Debit Note
- (c) Credit Note
- (d) Advice Note
- (e) Delivery Book

Draw up a specimen page of each

24 Show by means of short letters the following correspondence —

- (a) Letter from Robertson Glasgow to Smith Bros London requesting payment of account of £50 long overdue
- (b) Letter from Smith to Robertson apologizing for delay and enclosing cheque for £20 drawn on the Commercial Banking Co
- (c) Letter from Bank of Scotland to Robertson Glasgow stating that the cheque for £50 has been returned to them dishonoured marked B/D Dishonoured cheque enclosed
- (d) Letter from Robertson to Smith stating this fact and asking for explanation
- (e) Letter from Smith to Robertson regretting the incident and requesting that cheque be again presented when it will be duly met

25 What do you understand by a Tender or Estimate ? Give an example

26 Show by a series of short letters the following correspondence

Insert names and addresses —

- (a) A to B requesting terms for advertising in B a paper
- (b) B to A giving prices
- (c) A to B taking space and enclosing short advertisement and cheque
- (d) B to A acknowledging and promising proof

27 Make an index of the above letters and write a *précis* of the correspondence

28 Draw up a series of well written business letters showing the following correspondence —

*(Names and addresses need not be included after the first two letters but dates should be inserted)*

- (a) From Jackson & Co Furnishers Leicester to Carter & Sons York asking the latter firm whether they would act as agents for Jackson's Patent Sliding Bookshelves
- (b) From Carter to Jackson stating willingness to act as agents if terms are suitable Terms asked for
- (c) From Jackson to Carter Terms 20 per cent off list prices and carriage paid on all goods Accounts quarterly
- (d) From Carter to Jackson accepting but must be only agents for ten miles radius
- (e) From Jackson to Carter agreeing proper agreement to follow in due course

29 Make a *précis* of the above correspondence.

## CHAPTER VII

### THE LONDON STOCK EXCHANGE AND ITS PRACTICE.

THE London Stock Exchange, situated in Capel Court, near the Bank of England, was founded towards the end of the 17th century

**Committees**—It is a private institution, and its management is vested in (1) An executive body of nine members, who have the entire control of the income and expenditure, the power of fixing the entrance fee and the annual subscription to be paid by the members of the Exchange

(2) A Committee of thirty members—"Committee of General Purposes"—elected annually by ballot from the members of the Exchange This Committee manages the business side of the Exchange

**Brokers and Jobbers.**—The members consist of Brokers and Jobbers All dealings between the jobbers and the public are done through the brokers, who charge a commission for their services

A jobber is one who buys and sells the security at a price fixed by a ring of jobbers dealing in the particular stock, called the market price

**Markets**—The Stock Exchange is divided into Markets, *e.g.* The Consol Market, the American Market, the Mining Market, etc., and most jobbers confine their dealings to one market

A broker wishing to buy or sell stock on behalf of a client, goes to that part of the floor of the "House" where such stocks are dealt in.

**Opening an Account**—Before opening an account with a new client, a stockbroker would require assurances to be given respecting his credit or financial standing These being satisfactory, the client should give his instructions to the broker

in writing, clearly expressed, so that the broker may understand exactly what is wanted

Let us suppose the client wrote his order thus —

‘ Please buy for me  $\frac{1}{2}$  Great Western ’

Orders for stocks are usually abbreviated, each £1000 nominal value being counted as one

Thus	$\frac{1}{2}$	Great Western	means	£500	G W Rly Stock
5	”	”	£5000	”	”
10	”	”	£10,000	”	”

and so on Our client requires his broker to buy for him £500 Great Western Railway Stock The broker would proceed to the “Home Railway Market” part of the House, and having found a jobber who deals in such shares, would ask him the price of Westerns The jobber, not knowing whether the broker was a buyer or seller of the stock, quotes him two prices, thus,  $115\frac{3}{4}$ — $116\frac{1}{4}$  This means that the jobber is prepared to buy £100 Westerns at  $115\frac{3}{4}$  or sell the same nominal amount for  $116\frac{1}{4}$  The difference between the two prices is called the ‘turn of the market’ or the “jobber’s turn”

The broker gives an order for  $\frac{1}{2}$  Westerns at  $115\frac{3}{4}$ — $116\frac{1}{4}$  and the jobber’s “turn” or profit on this transaction would be £2 10s 0d as he is able to buy £500 Westerns of one broker for £578 15s 0d and sell them to another for £581 5s 0d When once a jobber has made a price for a stock or share and had such price immediately accepted he is obliged by the rules of the Stock Exchange to accept any bargain up to £1000 stock if the quantity of stock had not been previously stated

**Commissions** —The broker, for his remuneration, charges a *commission on the nominal or face value of the stock* although sometimes it is charged on the market price

There is a scale of commissions fixed by the London Stock Exchange, and unless a special arrangement has been made, the following are the usual commission charges made by brokers for completing the purchase and sale of any security

#### OFFICIAL SCALE OF COMMISSIONS

British and Indian Government Securities	} $\frac{1}{4}$ per cent on Stock
Metrop Cons and London County Stocks	
Foreign Government Bonds	



Foreign Railway and other Bonds to bearer	} $\frac{1}{4}$ per cent on Stock.
Colonial Government Securities	
County, Corporation and Provincial Securities (British, Indian, Colonial or Foreign)	
Bank of England and Bank of Ireland Stock	$\frac{1}{4}$ " " " Money
Registered Stocks (other than Railway Ordinary and Deferred Ordinary Stocks)	$\frac{1}{2}$ " " " Money
British, Colonial, and Foreign Railway Ordinary and Deferred Stocks —	

From  $\frac{1}{16}$  % to 1 % on stock, varying as the amount is over £10 and over £200

**SHARES TRANSFERABLE BY DEED**—From  $1\frac{1}{4}d$  to  $2\frac{1}{6}$  per share, varying as the value of the share is over 5/- to £25

Over £25  $\frac{1}{2}$  % on Money

**ALL OTHER SHARES PASSING BY DELIVERY**—From  $1\frac{1}{4}d$  to  $1\frac{1}{3}$  per share, varying as the value of the share is over 5/- to £25

Over £25 .. .. .  $\frac{1}{4}$  % on Money

**SHARES OF \$50 OR \$100 DENOMINATION (AMERICAN MARKET) —**

Price \$25 or under	0s 6d per Share
Over \$25 to \$50	0 9 "
" \$50 to \$100	1 0 "
" \$100 to \$150	1 6 "
" \$150	2 0 "

With 6d rise for every \$50 or portion thereof in price.

The following are *at discretion* —

- (1) Short dated Securities (five years or less)
- (2) Floaters of £20,000 stock or more
- (3) Shares, whether transferable by Deed, or passing by delivery, price 5/- or under
- (4) British, Colonial and Foreign Railway Ordinary and Deferred Stocks price £10 or under

**Contract Note**—The *Contract Note* for the purchase or sale of any security should be stamped with the *ad valorem* duty—under £100, 1d, £100 or over, 1/-, if carrying over contracts, double these amounts. The name of the security bought (or sold) should be shown on the note as well as the amount, price, commission, cost of stamp duty and transfer fees and the name of the jobber with whom the bargain has

been transacted. One of the broker's duties in connection with any transaction is to produce such a Contract note.

### Methods of Dealing on the Stock Exchange

The ordinary methods of dealing on the Stock Exchange are either 'for money' meaning that the transactions are settled at the time they are made or 'for the account' meaning that the transactions will be taken up and paid for or 'differenced' on the next Settling Day following the date when the transaction was made.

The latter termed *time bargains* are generally made by speculators who are unable or unwilling to pay for the securities they contract to buy or who do not possess the securities they agree to sell. These speculators may be classed as Bulls and Bears.

**Bull**—A Bull buys for a rise in the price of the security. For example a bull for some reason or other fancies a certain stock will increase in price before the next Settling Day. It is not his intention to take up and pay for the Stock at the Settlement. He simply expects that before the date of delivery the stock will rise in price; he will at what he considers the opportune moment sell it to another party at a higher price than what he has undertaken to buy at and so make a profit which is the *difference* between his buying and selling prices and he never touches the securities at all.

If the price should go down he could sell the bargain at the market price and pay the difference to balance the account or if he still had confidence that his stock would rise he could by arrangement carry over the settlement of the transaction to the next account.

**Contango**—The interest per cent or per share charged by jobbers for carrying over a bull transaction to the next Settlement is called Contango.

The security bought for the account is nearly always higher in price than when bought for money; there is then a 'Contango' or Continuation in the account price. For example if a stock were quoted Money 78½ and "Account 78½ there would be a *contango* of ½ in the account price.

**Bear**—A Bear sells for a fall in the price of the security. For example a speculator has reason to believe that Brightons

now quoted at 104, will fall in price before the next Settlement. He therefore sells for the account 2 Brightons at 104. He does not possess the Brightons, but if the price by Contango Day falls to, say, 103, he could buy the stock for £2060 and thus make £20 profit less his broker's commission and other charges. He neither delivers the stock nor receives it, but claims the difference between the price at which he contracted to deliver and the market price on Contango Day.

On the other hand, should the price rise to, say, 105, he would lose at least £20 on the transaction, as he would be obliged to pay £2100 for the stock plus his expenses. He might arrange to "carry over" the bargain until the next account, still hoping that the price would so fall as to enable him to close the transaction at a profit.

**Backwardation.**—The rate of interest, either at so much per share or so much per cent, charged or allowed for carrying forward a "bear" deal is termed "Backwardation," or simply "Back."

When a security is quoted "Money 104½," and "Account 104," there would be a "back" of ½ on the account price.

**Options.**—In addition to the foregoing, extensive transactions are now carried on by speculators, who wish to limit their liability when gambling against a rise or fall in the price, by means of "options."

A speculator, by paying down so much per cent or per share, has the option to buy, the option to sell, or the option either to buy or sell, a named quantity of stock or so many shares at a fixed price within a stated period.

The option to buy is termed a "Call Option"

"sell" "Put Option"

"buy or sell" "Double Option"

An option of a "Call of more" gives the right to buy a stated amount with the power of doubling the quantity if desired. A "Put of more" means the right to sell a stated amount with the option of doubling the quantity.

The option money is a premium paid to the dealer for gambling against a rise or fall in the price, and, unlike "Cover," is not returnable whether the transaction is a profitable one or not.

**Stock Exchange Settlements** — There are two regular settlements in each month fixed by the Stock Exchange Committee. The fortnightly account lasts three days, during which time *every transaction is closed*, either to be settled or paid for, “differenced,” or carried over to the next account.

The First day of the Settlement is called “Contango Day, or “Making-up Day, when brokers make arrangements with the jobbers to carry over bargains to the next account.

The Second day is called ‘Name Day, or ‘Ticket Day, because on this day the broker who purchased the Registered Security passes on to the jobber who sold it, a “ticket” bearing the purchaser’s name, so that a Transfer Deed, transferring the stock from one party to another, may be prepared.

The Third day is called ‘Settling Day,’ or “Pay Day,” when securities are taken up and paid for, or the “differences” paid and received.

In addition to the regular fortnightly settlements, the Committee fix special settlements for any special business that may arise.

**Principal Securities dealt in on the London Stock Exchange.** —

- (a) Bonds,
- (b) Serp
- (c) Stocks
- (d) Shares

(a) **Bonds** — Generally speaking in Commerce a bond is a written or printed document containing the terms and conditions by which a corporation, company, or person is bound. The holder of a bond claims what is invariably a fixed sum as interest, before any profits are divided amongst the share holders. Bonds are either registered or to ‘bearer. When bonds are registered, the interest is paid by warrants which are delivered by post to the holder’s address, and when they are to ‘bearer, they pass by simple delivery from hand to hand, and attached to them are a number of interest warrants called “coupons,” which are cut off and presented for payment as the dividends fall due.

Bonds are issued by trading companies whose finances are embarrassed, with the object of increasing their capital when ordinary shareholders could not be induced to invest further money in the undertaking. Sometimes, when the prospects of

a concern are promising, and further capital is required to extend the business, bonds are issued to provide such at a fixed rate of interest, which is *not increased*, however great the future profits of the concern may be. Bonds usually bear distinctive names, thus —

*Exchequer Bonds* — These bonds bear interest at so much per cent per annum, payable half yearly, until the time for which they were issued is expired, they are then subject to redemption at par. Both principal and interest are paid out of the Consolidated Fund. These are termed “Active Bonds,” in opposition to “Passive Bonds,” on which no interest is paid but the holder is entitled to some future benefit or claim.

*Currency Bonds* — These bonds are issued by the various American Railroad Companies, the principal and interest being payable in the U.S.A. currency. It is optional whether the bonds are paid in paper, gold, or silver. If such bonds are payable only in gold coin they are termed *Gold Bonds*.

*Preference Bonds* — These bear a fixed rate of interest, which is payable before profits are divided amongst the ordinary bonds. First, Second, and Third Preference Bonds are sometimes created, in which case each succeeding issue ranks after the previous one.

*Registered Bonds* — These bonds are registered in the holder's name in the books of the company or state issuing them.

*Sterling Bonds* — These are bonds of some of the American Railroad Companies, but, having been issued here, are payable in our currency.

*Lottery Bonds* — These are bonds issued by foreign states for municipal and Government loans. They usually bear a stated amount of interest on their face value, and are redeemable at par within a stated period or earlier with a bonus or prize if drawn at the periodic drawings.

*Deferred Bonds* — Bonds entitling the holder to a gradually increasing rate of interest, till the interest amounts to a certain specified rate, when they are classed as, or are converted into, *Active Bonds*.

(b) **Scrip** — Abbreviation of “Subscription.” When a public company wishes to borrow capital, the public, through the medium of a “Prospectus,” are invited to “subscribe” the amount of capital they are prepared to lend.

If a lender's ‘application’ for shares is accepted, he receives

a "Letter of Allotment," telling him the number of shares he has been allotted. If the shares are paid by instalments, 'Scrip' is the certificate given by the company for such instalments paid, when the whole amount to be paid has not been called up. Such a certificate is exchanged for a definite Share Certificate when the payment of all the "calls" has been made.

When the whole of the money has been paid previous to the registration of the subscribers, the preliminary certificate given for a fully paid share is also called "scrip," and as soon as the company is floated, this certificate is exchanged for a Share Certificate.

Such documents are transferable.

(c) **Stock**—This may be applied to an imaginary sum of money, usually £100 on which interest is paid at a given rate in perpetuity. A person who buys stock buys the right to receive such interest and this right he may sell again, but the principal sum viz £100 cannot be claimed. Consols, Railway Stock, Bank and Corporation Stock, and the stocks of public companies are examples of stocks.

**Consols**—A contraction of the term 'Consolidated Funds' and "Consolidated Stock." The name given to the Government stock resulting from the merging or consolidating several issues of stock into one common debt.

Any amount of such stock can be bought and held that does not involve fractions of a penny.

**Railway Stock**—In some Railway Companies several issues of shares have been consolidated and thus converted into stock. In railway stocks the limit usually is one shilling or one pound, and any amount of stock not involving fractions of a shilling or a pound may be obtained. Stock thus differs from bonds, debentures and shares, which are invariably for round sums of any amount.

**Bank Stock**—This is the proprietor's capital, in the banking department of the Bank of England. The stock pays good dividends, and stands at a very high premium.

**Corporation Stocks**—Stocks issued by the various Corporations in the United Kingdom and the Colonial and Foreign States. They carry a charge on the public rates, etc., and bear a fixed rate of interest on their face value.

(d) **Shares**—A share is a portion of the capital of a company. All the shareholders of a company have certificates,

called share certificates, granted to them, showing the number of shares they hold, and entitling them to participate in the profits

Very often the capital of a company is divided into various kinds of shares, each one being entitled to receive a dividend up to a fixed percentage before the ordinary shareholders receive anything

The usual order in regard to the priority of their dividends is as follows, and as stocks and shares are closely allied, the order is the same for both

1 *Debenture or Debenture Bond*—A bond issued by a Government or a public company acknowledging the receipt of a sum of money specified on the bond, and undertaking to repay it at a certain date or under certain conditions, with interest on that sum at a specified rate until the date of repayment of the bond itself

If it should be inconvenient to pay off these debentures at maturity, they, with the consent of the holders, may be converted into *Debenture Stock*, on which an agreed annuity is paid. This stock has the first charge on the assets of the Company for payment of both capital and interest over all other stock

2 *Guaranteed Stock*—Stock upon which the interest, or principal, together with the interest, is guaranteed

3 *Cumulative Preference Stock*—Stock upon which the guaranteed dividend, if it cannot be paid in any one year, or any series of years, accumulates until it can be paid. The stock is cumulative as to dividend and preferential as to capital, and in the event of the dividend being in arrear, the current year's dividend is paid first out of the year's revenue, and any surplus revenue goes to pay past arrears, commencing with those of the nearest years

4 *Preference Stock*—This stock either bears a fixed rate of interest or is subject to a dividend which is contingent on the profits made during a certain period, as agreed upon at the time of issue

5 *Ordinary Stock*, or, where the ordinary stock has been divided into Preferred Ordinary Stock and Deferred Ordinary Stock, the Preferred Stock, or "B" Stock as it is also known, is entitled to a fixed rate of dividend before any interest is paid on the Deferred Stock

In addition to the foregoing, there may be *Founder's* and

*Vendor's Shares*, which take their profits either before or after the ordinary shares have been paid their dividend, according to an agreement made at the time of issue

### The Transference of Stock Exchange Securities.

Such securities, for the purpose of transference, may be divided thus —

- (a) Bonds and shares to bearer
- (b) Registered stocks and shares
- (c) Inscribed stocks

(a) **Bonds and Shares to Bearer** — These are transferable by simple delivery from hand to hand. Foreign bonds bear a distinguishing number and have a sheet of coupons attached to them. They carry a stated amount of interest on their nominal value, and this interest is received by cutting off and presenting the coupons to the agents of the respective governments as the dividends fall due.

The Certificates of a security to bearer are usually numbered and have a blank Power of Attorney at the back, and being endorsed in blank by the person or bank to or by whom they were first issued, they become shares to bearer, and when passing from hand to hand blank endorsed with the current and following coupons attached, are always accepted as a good delivery.

(b) **Registered Stocks and Shares** — These are registered in the holder's name either at a bank or a company's office, where the securities were issued. The holder also possesses a Certificate of Title. The dividends are paid by warrants, which are posted to the holder's address as they become due. They are not transferable except by a legally stamped Transfer Deed.

(c) **Inscribed Stock** — This is stock for which no actual Certificate of Title is granted to the holder but his name and the amount of stock he holds are inscribed in a Register kept for the purpose, either at the Bank of England or some other bank where the stock was issued.

When a holder of Inscribed Stock wishes to sell, he must attend at the transfer office of the bank with his broker or some other person known at the bank, who identifies him as the rightful owner of the stock to be transferred.

The transferor signs his name in the Register, and the bank



clerk witnesses his signature. He thus assigns his right in the stock to some other person, the buyer's name being substituted for the seller's in the Register. Inscribed Stock consists of the debts of various governments, Consols, Colonial stocks, some municipal stocks, etc.

### Correspondence in connection with Investment Business

In connection with this branch of correspondence it is necessary that clearness and precision should play a pre-dominant part, as mistakes or misunderstandings may cause serious losses. A request of a client to a broker to buy £1000 *worth of Dovers*, i.e. the ordinary stock of the South Eastern Railway, would be an incorrect way of wording an order, as it would mean the quantity of stock that could be bought for £1000, which, at the price of 86, would be  $11\frac{2}{3}$  shares of £100 stock each, an unmarketable amount. The order ought to be worded, "Please buy for me £1000 Dovers," which the broker would understand as the nominal value, and at 86, would amount to £860. When an order to buy or sell a named quantity of stock is given, the nominal or face value is understood and not the market value.

It is well to bear in mind also that a broker never *recommends* any securities to a client. He may mention or suggest one, but his usual mode of procedure is to find out what class of investments his client favours, and to point out to him the best of that class.

#### (I)

#### *Letter instructing Purchase of Bonds*

HIGH STREET  
KINGSTON,  
2 June 19—

MESSRS A B & Co.,  
Leadenhall Street

DEAR SIRS

I have been recommended to you by my friend Mr Jones, of 1, White Lion Street Exeter, who is a client of yours.

Will you please buy for me £400 Canada 4% Bonds as soon as they are *ex dividend*, and on receiving contract I will forward cheque for the amount.

Mr Jones tells me that you charge him only half commission, and I shall be glad if you can place me also on the same footing.

Yours truly,

C. CHAMBERS. (95)

(1A)

*Acknowledging Instructions*

LEADENHALL STREET,  
LONDON,  
4 June, 19—.

MR C CHAMBERS,  
High Street, Kingston

DEAR SIR

We are duly in receipt of yours of to-day, and are obliged to Mr Jones for mentioning our name to you. Any orders with which you may favour us shall receive our best attention, and we will, as in Mr Jones's case charge you half commission only

We note your instructions to purchase £400 Canada 4% Bonds, ex dividend they will be thus quoted on the 6th inst, when we will carry out your order and forward you contract

Yours faithfully,  
A B & Co (97)

(1B)

*Enclosing Contract in Reply to No 1*

LEADENHALL STREET  
LONDON,  
6 June, 19—

MR. C CHAMBERS,  
High Street Kingston

DEAR SIR

Enclosed we send you contract for purchase of £400 Canada 4% Bonds ex dividend as instructed. In sending cheque for the amount, kindly instruct us whether when the bonds are delivered we are to forward them to you by registered post whether you will call for them, or otherwise

Yours faithfully  
A B & Co (67)

(1c)

*From Client sending Cheque*

HIGH STREET,  
KINGSTON  
8 June, 19—.

MESSRS A B & Co  
Leadenhall Street London

DEAR SIRS

I have received yours of the 6th inst, enclosing contract, for which I send you cheque herewith

Please return the contract receipted, and hand the bonds, when delivered, to my bankers, Messrs Brown & Co, of Cornhill, advising me of your having done so

Yours faithfully,  
C CHAMBERS (62)

(1D)

*Memo advising Delivery of Bonds.*

Memorandum

From  
A B & Co,  
Leadenhall Street  
E C

To  
MR C CHAMBERS,  
HIGH STREET,  
KINGSTON

In accordance with instructions in yours of the 8th current, we have this day handed to Messrs Brown & Co, 501, Cornhill, £400 Canada 4 per cent Bonds bought on your account

Yours faithfully,  
A B & Co (53)

(2)

*Letter from Client to Broker re Sale of Shares at a Limit.*

HAMBURG  
5 January, 19—.

MESSRS A BROKER & Co,  
No 1, Throgmorton Street,  
London E C

DEAR SIRs,

Confirming our to day's telegram regarding our limit for the sale of 500 shares E R Mines Co @ 3½ we should like to mention that these shares were reported from London this afternoon at 3½ buyers and over and we were therefore surprised not to have received a wire announcing the execution at the above limit. Up to the time of writing no reply to our inquiry has been received from your side but we trust to receive an explanation and your contract note by to morrow's mail

Yours faithfully,  
CLIENT & Co (109)

(2A)

*Reply stating the Price touched*

NO 1, THROGMORTON STREET,  
LONDON E C,  
5 January, 19—.

MESSRS CLIENT & Co.,  
Hamburg

DEAR SIRs,

We herewith beg to confirm our to day's wire sent in answer to your telegraphic inquiry concerning your order of the 2nd inst to sell 500

shares E R Mines Co @ 3½ upon which we informed you that the above shares did not touch a price higher than 3¼ buyers throughout the day and your order was therefore impracticable

We assure you that all orders placed with us have our constant and most careful attention

We are Dear Sirs

Yours faithfully

A BROKER & Co (110)

(2B)

*Reply regretting Explanation of No 2*

HAMBURG

6 January 19—

MESSRS A BROKER & Co

No 1 Throgmorton Street

London E C

DEAR SIRS

Re our limit for sale of 500 shares E R Mines @ 3½

We beg to confirm our letter of yesterday and to acknowledge receipt of your telegram and letter of same date but regret that we cannot accept your explanation considering the facts of the case We should like to point out to you again that the above shares were not only momentarily but for quite a considerable time quoted at our limit even before our wiring to you As a matter of fact another firm with whom we had placed a similar order advised us of the execution in the course of the evening which proves that the E R Mines shares must have been dealt in at 3½

It therefore seems apparent that on this occasion you have missed the market from the consequences of which we are however not inclined to suffer We must ask you kindly to forward us a contract for the sale of the shares especially as we have already advised our client of this

Yours faithfully

CLIENT & Co (192)

(2C)

*Reply*

NO 1 THROGMORTON STREET

LONDON E C

7 January 19—

MESSRS CLIENT & Co,

Hamburg

DEAR SIRS

Your letter of yesterday's date to hand We beg to send you per book post to-day *The Financial Times* and *Financial News* of the 6th inst containing prices of the previous day from which papers you will see under tape prices that E R Mines shares were only once at 3½ quoted at 3½ all other markings being below this price We have made

careful inquiries in the market and found that this one quotation of 3½ refers to a purchase and not a sale. If another firm has advised you of the sale of the shares at that price this bargain can only have been concluded outside the Stock Exchange at a time when a buying order for the same number of shares was at hand.

We therefore regret not to be able to give you the contract asked for, as no blame attaches to us in this matter as you no doubt will acknowledge after consulting the financial papers.

Yours faithfully

A. BROKER & Co (185)

(2D)

*For y not accepting Explanation*

HAMBURG 8 January 19—.

MESSRS A. BROKER & Co  
No 1 Throgmorton Street,  
London E.C.

DEAR SIRS

We are in receipt of your favour of 7th inst. together with the financial papers mentioned therein but still regret that we are unable to accept your version of the matter in dispute.

We have had some correspondence in this matter with the firm who executed our order and they have assured us that they dealt on the London Stock Exchange.

Since you refuse to give the contract asked for we regret that we do not see any other way of settling this dispute than to bring the matter to the notice of the Committee of the London Stock Exchange according to the custom and regulations of that body. We have consequently sent copies of our correspondence with powers to act on our behalf to Messrs G. C. & Co., London with whom you will please confer in the further settlement of this matter.

We regret to state that your treatment necessitates our putting an end to any business relations between us and accordingly ask you to deliver up all the securities you hold for our account to Messrs G. C. & Co. of London, who will pay over to you the small balance due by us.

Yours truly

CLIENT & Co (231)

In the following letters, the substance only is given, as the student at this stage will be able to fill in the rest.

(3)

*Letter instructing Broker to sell Shares*

I have noticed that the Mexican Oil Company's shares owing to the political crisis, have dropped during the past week from 1½ to 1¼.

As I fear that the crisis may become more dangerous and may eventually cause a permanent depreciation in the shares I shall be glad if you will sell for me for the Middle March Account 500 of these shares at not less than £1 each (89)

CORRESPONDENCE FROM CLIENTS ASKING FOR ADVICE  
AS TO INVESTMENTS

(4)

*Re Investment £500*

In reply to yours of (date) we shall be pleased to make suggestions and it will materially assist us in so doing if you would state what rate per cent the proposed investment is required to yield

Such investments as are considered the safest return at the present time only from about 3 to 4 per cent and as a general rule in proportion as the rate per cent increases so does the risk On hearing from you we shall be pleased to mention investments yielding about the rate desired and as safe comparatively as is compatible with such rates (104)

(4A)

*Reply*

We are favoured with yours of (date) but must point out that investments which are considered safe by the public are not to be obtained to yield so high a rate as 5%. We can mention investments returning that amount which are considered as safe as any of that class but as a general rule the risk is proportionate to the rate of interest

First class investments which are deemed safe such as Debenture Stocks of the great Railways of the United Kingdom at present prices yield about 4%.

If you will let us know the class of stocks you desire whether American Railways South American or Colonial Bonds etc we will endeavour to make some suggestions (120)

(5)

*Enquiry about Bonds*

Can you recommend any good Bonds to return 5% at the present time? I do not like South American Securities and the Bonds must not be subject to drawings Of course I want them as safe as possible but am prepared to run some risk (46)

(5A)

*Reply*

In reply to yours of (date) we know of nothing better of its class than the 5% Bonds of the (name) Railway which are at present at 97 and are redeemable at par in 1930

The shares of the (name) of £20 each, to bearer, would yield about the same rate

There is risk attending these purchases, which we understand you fully appreciate

Awaiting your instructions,

(67)

(6)

*From Client, instructing Sale and Purchase*

Will you please sell for me £500 Districts, the price of which I see is about 33, and buy 20 Anaconda Shares at about 7½? (25)

(6A)

*Acknowledging Order and sending Contract*

Your favour of (date) to hand As instructed, we have sold £500 Districts, and enclose contract

We watch the order to buy 20 Anaconda Shares at "about 7½, but to day the price is 7½

Please confirm the limit at 7½ or otherwise, and forward us certificate of stock sold, to meet transfer in due course (55)

(6B)

*Acknowledging increased Limit*

Yours of (date) increasing limit to buy 20 Anaconda Shares to 7½ which we retain To day, however, the price is 16

P S Since writing the above, we have succeeded in obtaining 10 shares at your limit, and we hope to obtain the remainder to morrow (44)

(6C)

*Sending Contract, completing Order*

We have the pleasure to enclose contract for completion of your order to purchase 20 Anaconda Shares

Kindly advise us whether when delivered, you wish us to forward them by registered post or otherwise

Cheque for balance due to you will be sent as soon as we receive proceeds of the £500 Districts sold, transfer of which will follow for signature in due course (64)

(7)

*Claiming Dividend from Seller of Stock*

Referring to the sale for you on 14th ult of 200 Easterns, the buyer has claimed the dividend from us, the transfer not having been registered before the Company's books were closed

Will you, therefore, please forward us the amount as soon as you receive it from the Co? (49)

(7A)

*Acknowledging Dividend claimed from Seller of Stock*

We beg to acknowledge the receipt of yours of (date) enclosing cheque (or dividend warrant duly signed or endorsed) for divd on 200 Easterns sold and claimed by the buyer from us (32)

(7B)

*Memo sending Cheque to Buyer for Dividend claimed*

## MEMORANDUM

<i>From</i>		<i>To</i> (Date)
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We have the pleasure to enclose a cheque value £ , being dividend on £200 Easterns claimed of the seller on your behalf (26)

(7C)

*Explaining to Seller the Buyer's Claim for Dividend*

Yours of (date) re divd on £200 Easterns received

The claim made by the buyer is quite correct as the sale was made on the 8th inst when the Stock was still quoted *cum div*. It was not dealt in *ex div* until the 15th

Herewith we forward an official Daily List which will show this to be the case (59)

CORRESPONDENCE IN CONNECTION WITH SPECULATIVE  
BUSINESS

(8)

*From Client proposing 'bull' of Americans*

My friend Mr Thomas of Lombard St has recommended me to you

I wish to bull 100 Unions and shall be glad to know if you will buy them for me carrying them over as long as I wish to do so also what are your terms of commission and what cover do you require? (55)

(8A)

*Reply declining, unless ample Security given*

We are obliged to Mr Thomas for mentioning our name to you but it is not our practice to open speculative accounts unless we have ample security either in the shape of marketable bonds deposited with us—with



full liberty to sell if needed to pay differences—or better still, a round sum in cash which must be sufficient to pay any differences that are likely to arise say for instance, 25% of the purchase money

We are willing to allow bank rate of interest on the sum in our hands from account to account and unless you are prepared to deposit such an amount or its equivalent with us, we do not advise you to embark in the speculation you contemplate as the market in American Stocks is a treacherous one

On receiving a cheque for £ (or approved securities) for your credit we shall be pleased to execute your order and carry over the stock on your account if desired, so long as we have funds in hand or until the account is closed

Awaiting your reply,

(180)

(8B)

*From Client, giving Limit and sending Cheque for Cover*

I am quite agreeable to the terms mentioned in yours of the (date)

I therefore enclose cheque for the amount you name viz £ and am willing to send you a further amount should the Stock fall sufficiently to absorb the present sum

Please buy me to day, and wire as soon as done, 100 Unions at not exceeding 153½

## EXERCISES

- 1 Explain the difference between Stocks Shares Bonds and Debentures
- 2 What is meant by closing a Bull or Bear account ?
- 3 What duty does a broker owe to a client from whom he accepts an order ?
- 4 Explain the following —Scrip Registered Coupons, Irredeemable Stock, Backwardation
- 5 Write a short account of the London Stock Exchange
- 6 Over how many days does settlement extend on the London Stock Exchange ? Describe the character of the transaction on each day
- 7 Describe the nature of a Put and Call option
- 8 What are the duties of the Committee for General Purposes of the Stock Exchange ?
- 9 Explain the following —Contango Defaulter Bucket Shop, Consols, Making up Prices
- 10 Describe the relationship of broker and jobber on the Stock Exchange
- 11 Explain the advantage of the House being divided into Markets
- 12 What amount of stocks and shares may jobbers be bound to when making a price ?
- 13 What is meant by the jobber's "turn" ?
- 14 Explain a Contract rate
- 15 Write a short account of each of the following —Exchequer Bonds Currency Bonds Preference Bonds Sterling Bonds and Deferred Bonds
- 16 How are Inscribed Stocks transferred ?

17 Write letters as from clients to brokers on the following subjects —

(a) *Wishing to have his Stock Dividends forwarded to him by post*

(b) *Instructing an investment in Consols*

(c) *Asking why the dividend on his Canadian Pacific Railway shares has not been received.*

(d) *Instructing an investment, with limit, to yield 5%, including expenses (brokerage, stamp and fee)*

(e) *Asking for advice regarding an investment of £1000*

(f) *Instructing sales of Consols and Power of Attorney to be obtained*

18 An alarmist article has appeared in an influential financial daily paper, *criticizing unfavourably the management of the Company of which you are Secretary* and suggesting that the shares are largely overvalued by the market. Write a judicious letter to the editor of the paper pointing out the misapprehensions under which he is labouring, and requesting courteously but firmly, that your letter should be published.

19 Write a letter to the Secretary of a rival Company (in any line of business with which you are familiar) suggesting a friendly meeting of his Board of Directors with yours, with a view to an agreement for avoiding such disastrous cuts in prices as have affected both Companies injuriously in the past.

20. Write a short circular to your shareholders informing them of favourable developments which have recently occurred in your Company's business, and which promise largely increased dividends in the future.

21 A proposal has been made by one of your directors to introduce into your office Loose leaf Ledgers, both for trading purposes and also for register of shareholders. The Board have requested you to report at the next meeting on the desirability or otherwise, of the change. Make a draft of your report.

22 As Secretary of a Finance Company, which deals largely in Stocks, draw up notes for the Chairman's speech at the Ordinary Annual General Meeting, with special reference to the depreciation which has occurred in the Consols held by your Company, *explaining for the satisfaction of shareholders the cause (in your opinion) of the fall in price, and sketching out the probable prospects, or otherwise of recovery in the near future*

23 Write a circular letter to the shareholders in your Company (which is one of the most important Transport Companies in the City of London), announcing the particulars of an amalgamation which has been agreed upon (subject to confirmation by the shareholders) between your Company and the other leading London Transport Companies. Dwell in some detail upon the merits of the scheme, and upon the enormous economies that may be expected to ensue.

## CHAPTER VIII

### Glossary of Additional Current Commercial Terms

- Abatement** —An allowance made in respect of goods a discount for prompt payment
- Abrasion of Money** —Loss in weight of a coin in course of its circulation
- Accountant** —A person skilled in the keeping of accounts and books preparing balance sheets etc
- Accrued Interest** —The interest which has accumulated on any security since the payment of the last dividend
- Acquittance** —A receipt in full of all demands given for the discharge of a debt
- Actuary** —A person skilled in the calculation of the value of life interests annuities etc
- Adjournment** —A postponement of a meeting to another time or place
- Adjudication** —An act of the court declaring a person to be a bankrupt
- Ad Referendum** —A contract made *ad referendum* denotes that although the contract is practically complete there are one or two points left for further consideration
- Ad Valorem Duty** —Duties or customs levied upon goods according to their value Stamp duties payable on certain documents are *ad valorem*
- Advance** —Money advanced to the consignee by merchants against a consignment of goods forwarded to them for sale
- Adventure** —The importation or exportation of goods as a speculation either on sale or on joint account The term '*Consignment*' now usually takes its place
- Affidavit** —A statement in writing sworn before a person having legal authority to administer an oath (generally a Commissioner for Oaths)

- Agenda** — A programme of the business to be brought forward at a meeting
- Agio** — A term expressing the difference in value between two sorts of money as currency and specie gold and silver paper money and coins
- Agreement** — A contract enforceable at law made between parties capable of contracting to do or not to do some act
- Alien** — One born in or belonging to another country and who has not the privileges of the country in which he lives
- Allot** — To divide a thing into several parts each of which is called an allotment
- Alloy** — A compound of a base metal with a finer one
- All Rights Reserved** — A phrase used by an author denoting that any infringement of the copyright of his composition is forbidden
- Amalgamation** — The union of two or more businesses or companies into one large concern
- Amortisation** — The reduction of the book value of an asset by means of a sinking or other fund set apart for that special purpose
- Ampère** — The electrical unit of intensity
- Annuity** — An annual payment of an ascertained sum of money granted to another for life or for a period of time
- Antedate** — To date any document prior to the date on which it is drawn out. A cheque drawn on the 18th and dated the 15th would be antedated while a cheque drawn on the 15th and dated the 18th would be postdated i.e. dated after the correct date. A B/E is not invalid by reason only that it is antedated
- Appraiser** — A licensed person employed to value goods estates etc. His valuation is termed an Appraisement
- Arbitrator** — A judge referee or umpire appointed by two contending parties to settle some dispute. His decision is termed his Award
- Arrears** — Sums of money remaining due after the time of payment has expired
- Articles of Agreement** — The terms and conditions agreed upon in a partnership

**Articles of Association** (of a company) — These define the mode and form in which the business of the company is to be carried on

**Assignment.** — The transfer of some interest from one person to another, called the assignee

**Assurance or Insurance.** — The act of providing against possible loss, or an event happening by contracting with a person called the insurer (or underwriter) that in consideration of a sum, called the premium, paid by the insured he will be indemnified from such

**Attorney, Power of.** — A legal document by which a person appoints another to act for him in some particular matter

**Auction** — The public selling of goods by a licensed person called an auctioneer, to the highest bidder

**Audit** — A periodic and authorised examination of all entries in books and of accounts by a person qualified and appointed for the purpose

**Back a Bill** — To become security for an acceptance by endorsing a bill to accommodate another

**Balance Sheet.** — A statement showing clearly the financial position of a company or firm

**Bale** — A certain quantity of goods or merchandise

**Bank Post Bills** — Bills issued by the Bank of England, but *not by any of its Branches*, payable to 'order' at seven days sight, for any sum from £10 to £1000 They are accepted at the time they are drawn and no charge is made for them They are payable on their due date, no days of grace being allowed

BANK OF ENGLAND POST BILL,  
London ———, 19—.

No ———

At seven days sight, I promise to pay this my Sola Bill of Exchange to Thos Thornton, or order, three hundred pounds sterling value received of Henry Clay

FOR THE GOVERNORS AND COMPANY OF  
THE BANK OF ENGLAND

*Three hundred pounds*

A B.

**Bank Rate.** — The current rate at which the Bank of England will discount approved Bills of Exchange

**Bank Return.**—A weekly return issued by the Bank of England, showing the state of the Issue and Banking Departments at date of issue

**Bankrupt.**—A person who, being unable duly to discharge his liabilities, has been adjudicated a "bankrupt"

**Barter.**—The exchange of one commodity for another without using money or other medium of exchange

**Bill of Sale**—A document placed in the hands of a creditor as security for a loan or debt

**Blank Cheque.**—A signed cheque, in which the date, payee, and amount are not inserted

**Board**—The name given to the directors, committee, or managers of an institution or company

**Bonded Goods**—Dutiable goods stored in a Government or licensed warehouse until they are required for use, when the duty is paid

**Bounty**—A bonus or premium paid by a Government to initiate, develop, or support an industry.

**Bullion**—Uncoined gold or silver in bars or ingots

**Call**—A notice, requiring payment of some amount due or required on shares not fully paid up

**The right to buy certain securities or commodities at a fixed price and on a fixed date**—One would exercise the call if a profit would accrue, *eg* if the current or market price is higher than the "call price."

**Cent.** (*centum*, a hundred)—Is used in combination with "per," as 5 per cent, 5%

**Cheap Money**—When money can be borrowed at a low rate of interest, money is said to be "cheap," and the market is "easy" On the other hand, when the supply of loanable capital is scarce the rate is high Money is then said to be "dear" and the market is "firm"

**Collateral Security**—An additional security or safeguard, other than that already given

**Combine, Combination, or Pool**—An association of persons, firms, or companies with capital, to operate or buy up anything for joint profit

**Composition.**—An agreement between an insolvent debtor

and his creditors, whereby the latter accept a portion only of the debt in full satisfaction of the whole

A composition of 7s 6d in the pound therefore means that the debtor pays only 7s 6d for every £1 he owes

**Compromise.**—An agreement to settle differences by each party making some concessions

**Consul.**—A Government official appointed to reside in a foreign town to safeguard the interests of the country he represents  
The fee paid to a consul for obtaining his seal and signature to any document is termed **Consulage**.

**Contraband Goods**—Goods prohibited to be imported or exported either by the laws of a particular state or by the law of nations

**Convertible Paper Currency**—Such a currency as is capable of being converted into gold when the holder desires

**Cooperage.**—A dock charge for mending, opening, or closing barrels, etc

**Copyright.**—The rights belonging to an author or composer to print and publish any original matter written or composed by him

**Corner.**—A market devoted to some particular stock or commodity *To corner* anything is to buy up such a quantity of it as to prevent any other individual from buying same except at a ruinous sacrifice

**Council Drafts**—Demand drafts on Bombay, Calcutta, or Madras, issued by our Government against the Government of India They are advertised for sale periodically and are issued by tender Anyone in England obtaining such a draft can receive gold for it at once

**Crore of Rupees**—Signifies 10 000,000 rupees, or 100 lacs  
A rupee the unit of value in British India, is worth 1s 4d, and is divided into 16 annas, and each anna into 12 pies  
For any sum of rupees above a lac, 100 000, a different mode of expression is used, thus, 350 000 rupees is written 3, 50,000, and is read 3 lacs 50,000 rupees, 35, 27, 34,000 „ 8 „ 9 is read 35 crores, 27 lacs, 34,000 rupees, 8 annas, 9 pies

**Cum Dividend** (Latin *cum*, with), often contracted to “cum div,” or “cum d” This phrase is attached to prices and quotations of stocks and shares about the time when

the dividend is due, and it indicates that the price quoted gives the purchaser a right, not only to the stock, but also to the dividend or interest just becoming due *Ex dividend* (Latin *ex*, out) a quotation 'Ex div' or "x d" does not give the purchaser a right to receive the interest just falling due

**Day to Day Money**—Money borrowed from day to day against security at an agreed rate of interest

**Deficiency**—An allowance made by the Customs for loss on wines and spirits from evaporation or absorption

**Demurrage**—Any sum paid for any *delay* in discharging a ship, barge or lighter beyond the time appointed or agreed upon It is also the allowance of  $1\frac{1}{2}d$  per oz made to the Bank of England in exchanging bullion for coins or notes £3 17s 9d is given by the Bank for an oz of bullion or uncoined gold without any *delay* If it were taken to the Mint there would be a delay of a few days before it was coined The metallic value of standard gold is £3 17s 10½d per oz The difference viz  $1\frac{1}{2}d$  is allowed to the Bank and this delay is avoided (*Fr demourer*, to dwell, remain, stop)

**Depreciation** Refers to the diminished value of coins bullion a paper currency, commodities, or land and buildings A *Debasement* of coinage is the wilful act of a dishonest Government or of dishonest individuals, whilst a *d precipitation* of coinage bullion, or commodities is generally beyond human control A depreciation account regulates the loss of any wasting asset from wear and tear etc, by periodically reducing it to its current market value

**Differences**—The amounts payable or receivable, as the case may be, by a speculator, in stocks, shares, or produce in respect of the fluctuations in price of the subject matter of speculation between given dates

**Dividend**—A proportion of interest or profit divided among stock or share holders in a public company, also that part of a bankrupt's assets due to a creditor in proportion to the latter's claim, as a dividend of 5s in the £1

**Dormant Partner**—Sometimes referred to as a sleeping or silent partner One who has an interest in any concern but does not take an active part in its management



**Duty**—A tax levied by the Government on certain goods when imported

**Effects**—Money goods and movables possessed by a person

**Enfaced Paper**—The name given to the bonds or certificates of certain Indian loans. A notification is printed on the face of them or enfaced that interest is payable in London by draft on Calcutta.

**Ex** means out of *eg* *ex ship* *ex store* *ex warehouse* *ex wharf*. The buyer of goods *ex ship* must take delivery of the goods as they leave the ship and pay all charges for their conveyance.

**Exchequer Bills**—Instruments of credit created by the Commissioners of His Majesty's Treasury for the purpose of raising money for temporary needs to meet the necessities of the Exchequer. They are issued in multiples of £100 and bear a fixed interest of so much per cent per day. The rate of interest varies according to the value of money at the time the bills are issued.

**Face Value**—The nominal or original value on the face of any document *eg* bond debenture share certificate or other negotiable instrument.

**Fiduciary**—Signifies without securities or uncovered. A fiduciary loan is one made on the honour and good faith of the borrower without deposit of securities or without cover.

**Fine Paper**—First class paper—bills drafts and promissory notes bearing names of the highest class as acceptors or endorsers. Exchequer bonds and Treasury bills having the guarantee of the Government may be also termed fine paper.

**Fixed Charges**—The interest rentals and charges which a company must pay before division of profits.

**Floating a Company**—To form and register a company to enable it to carry on business.

**Floating Capital**—Money at call or at very short notice of any trading concern for the purpose of carrying on the business.

**Floating Debt**—Money borrowed for temporary needs for a short period or a debt which a company may have to

meet at short notice, such as bills, loans, or bonds falling due for payment

**Folio** —In bookbinding, a folio is a sheet so folded as to make two leaves without further folding. It is said to be *in quarto* when folded so as to form four leaves, *in octavo* when folded so as to form eight leaves. In law writing a folio sometimes means a single page. In bookkeeping it means two pages or sheets facing each other and indicated by one and the same number

**Funds** —Generally speaking, refers to Consols and other British Government securities

**Funding**.—The process of converting floating debt into stock. The amalgamation of several debts of different denominations into one large debt, clearly defined in amount, upon which interest is to be paid at a stated rate until the debt is redeemed. The funded debt in England is that large total of annuities paid by the Government to its creditors under the name of consols—reduced three per cents, new three per cents, savings bank annuities, etc

**Futures** —Produce to be shipped at some future time. “Goods to be manufactured or acquired by the seller after the making of the contract of sale

**Garble** —The dust, siftings and refuse of spices, drugs, tobacco, etc

**Garbling** —The separation of damaged portions of goods from the good or sound portions

**Glut**.—An over supply of a commodity in the market

**Gold premium** —The rate by which the value of gold exceeds the paper currency which represents it. When the paper currency is depreciated, that is, it is not worth its face value in gold, there is consequently a premium on gold

**Goodwill**.—The value of the connection of a business

**Guarantee**.—A surety. The responsibility taken by a person to see that another fulfils certain stipulations

**Guild**.—A corporation of craftsmen or tradesmen formerly concerned only in the interests of their trade, but now in spending on various forms of charity their funds accumulated during centuries

**Guinea pig Directors**.—Those who concern themselves more

*with receiving their remuneration than in looking after the welfare of the company*

**Hall Mark** —The official Government mark stamped on articles of gold and silver showing that they have passed the test and are of the fineness stamped upon them

**Hard** —Applied to denote a price that has a tendency to rise

**Impost** —A certain tax or duty levied on merchandise at particular places

**Imprest System** —Of petty cash account The petty cashier is advanced a round sum, out of which he makes his petty disbursements and at the end of an arranged period he renders a detailed account of his expenses The total amount of such payments is handed over to him, and the original round sum is thus restored to him with which to commence another period

**In bond** —Goods liable to duty stored in a Government or licensed warehouse

**Income Tax** —A direct tax levied on everyone having an income of or over £160 per annum

**Inconvertible Paper Currency** —Paper money which can not be exchanged at the option of the holder for gold or silver to its full nominal value When paper money is made inconvertible it falls in value and is consequently at a discount This fall is usually expressed by saying that 'gold and silver are at a premium

**Incorporated** —A legal body created and endorsed with perpetual succession and existence unless specially restricted by its act of incorporation Such a body may use 'Incorporated' after its name instead of 'Limited'

**Indentures** —A legal deed in which two or more parties are equally interested so as to make it necessary for each to retain a copy

**Ingot** —A bar of the precious metals as gold and silver

**Injunction** —An order made by the Court to restrain the continued commission of a wrong or the commission of a wrong which has been threatened

**Insolvent** —Not having sufficient money to discharge liabilities

**Interest** —An allowance paid for the use of money, calculated at so much per cent per annum

**Interim Dividend** —A distribution of profit made in advance of the final distribution of profit

**Inventory** —A list or catalogue of articles generally of furniture and chattels

**Investment** —The outlay of money in the purchase of stocks or shares land houses with the object of receiving the dividends interest or rent accruing thereon

**Joint Stock Bank** —Joint stock company carrying on the business of a bank A joint stock company has been defined as an association of individuals for purposes of profit possessing a common capital contributed by the members composing it such capital being commonly divided into shares of which each possesses one or more, and which are transferable by the owner

**Journal** —The Journal is a book in which all the *vaste book entries* are arranged according to certain rules before they can be transferred to the ledger

**Kite** —A slang term for an Accommodation Bill In Scotland they are called also Wind Bills Kite flying is the dabbling in accommodation bills

**Lease** —The letting or surrendering the care of lands tenements machinery etc to a lessee for a consideration and for an agreed period of time after the lapse of which the use and enjoyment of the subject matter reverts to the original owner or lessor

**Ledger** —A book containing an abstract of all the transactions recorded in the journal and the subsidiary books *eg* sales and purchases books

**Legal Tender** —Such forms of payment to a creditor as the law specifies The exact amount must be tendered no change being asked for The legal tender of money in this country is gold to any amount silver up to 40s and bronze up to 1s Bank of England notes up to any amount are legal tender but their amount must not exceed the debt to be paid Country bank notes are legal tender only with the consent of the creditor In all the above respects the creditor may waive his rights

**£ s d** —The first letters of the Latin *Librae*, Pounds, *solidi*, shillings, *denarii* pence

**Letter or Power of Attorney**—A legal document empowering a person named therein to act on behalf of another

**Letters Patent**—*See* Open letters royal grants whether of lands titles honours privileges or profits from new inventions or copyrights The letter giving the privilege is not closed by a seal but has the royal seal at the bottom and is addressed by the sovereign to all subjects of the realm Others are consequently prevented from securing any benefit or enjoyment of the patent unless the patentee derive some advantage therefrom

**Liability**—An obligation a commercial term denoting that which a person is responsible for

**Lien**—A legal right of retaining anything given as a pledge or security until some demand has been satisfied

**Limitations, Statute of**—Laws passed compelling persons having rights of action to bring their actions within specified times or in default to lose such rights

**Liquid Assets** Coin bank notes and securities which can be readily converted into cash

**Liquidation**—The winding up and settlement of the affairs of a business by a liquidator who collects all assets and discharges the liabilities either in full or by arrangement

**Lloyds**—The name given to the institution at the Royal Exchange carrying on general insurance business but particularly marine *Lloyd's Register* is an annual publication containing the particulars of all vessels classed by the Committee of Lloyd's Register Symbols are used thus—A1 highest class 90 A1 lower class 80 A1 lowest class Underwriters and others interested can thus readily obtain any information as to the character and condition of a vessel

**Lloyd's Bonds** Instruments under seal issued by a railway company or other corporate body to contractors and others for work executed and covenanting to pay the amount specified therein plus interest at some future time These bonds received their name from the counsel who originally settled the terms of them

**Long**—To be long of anything is an American term

having the same signification as the word "bull" in our market

**Long Bills** — Bills of Exchange drawn at long dates *eg* six months

**Making up Price** — A Stock Exchange term, denoting the price fixed for carrying over speculative transactions to another settlement day. The transactions are 'closed' at the prices for the current settlement and reopened (plus *contango* or less *backwardation*) for the following settlement day

**Mandamus** — Latin *we command*. A writ issued by the Court of King's Bench

**Man of Straw** — A man without property or credit

**Memorandum of Association** — A document signed by the original members of a company at the time of its formation and setting out —

- (a) The name of the company
- (b) Whether the registered offices of the company are situated in England
- (c) The objects for which the company is formed
- (d) That the liability of members is limited
- (e) The capital of the company

**Metallic Currency** — Consists of coins (gold silver bronze etc.) of a certain weight and fineness as regulated by the laws of the country in which the coins are issued

**Mint** — The institution on Tower Hill, London where British coins are struck

**Mint Par of Exchange** — The weight of pure gold or silver in a coin of one country as compared with that in a coin of another. When the price in a foreign money is quoted below the mint par of exchange it is said to be at a *premium* or *above par* and when above, at a *discount* or *below par*

**Minute Book** — The book in which is recorded the business completed at each meeting. The notes recorded are called the Minutes

**Money Market** — A collective term applied to money dealings of all kinds. It may be said to exist chiefly in the neighbourhood of the Stock Exchange and Lombard Street London

**Mono-metallicism** — A money currency based upon a single

standard of value, as in Great Britain where gold only is the standard. Silver and bronze coins are issued, but as they are not intrinsically worth the amounts stamped upon them, they are termed "token money." A system of currency based upon a double standard is termed "Bi-metallism."

**Monopoly.**—An exclusive privilege to buy, sell, make, or work anything either by the granting of letters patent from the Crown, or by the buying up (cornering) of the whole of the supplies of a commodity, so as to secure sole power of sale.

**Mortgage**—A conditional transfer of lands, houses, or other property as security for money lent or owing. The borrowing of money upon securities lodged with a banker or other lender. The "mortgagor," i.e. the borrower, pays the "mortgagee," i.e. the lender, interest at an agreed rate per cent.

**Naturalisation**—The giving to an alien under certain conditions, the same rights and privileges as an English born subject.

**New Style**—The modern method of computing time according to the Gregorian calendar. This was introduced into Great Britain in 1752, the 2nd September of that year being treated as the 14th September. (See Old Style.)

**Official List**—A list of prices showing particulars of stocks and shares dealt in, on the Exchange. It is published with the sanction and under the authority of the Committee of the London Stock Exchange.

**Official Receiver**—An official appointed by the Board of Trade to administer a bankrupt's estate.

**Old Style**—The method of computing time according to the Julian Calendar. Owing to religious antagonism Russia, Greece, and the East generally, refused to adopt the Gregorian or "New Style." The difference between the dates in the Old and New Styles gradually increases. It now amounts to twelve days.

**Open Account**—An unsettled or outstanding account.

**Open Credit**—Credits given by bankers to their clients without personal guarantees or deposit of securities.

**Original Bills** B E drawn and sold before any endorsements have been added They have not been previously negotiated

**Output** —The produce of an undertaking The turnover is the amount of the output stated in money

**Over Capitalised** —A company which has disposed of so much capital that its earning power is unable to provide dividends for the same is said to be over capitalised

**Paid up Capital** —The amount of capital actually contributed by shareholders

**Paper Money** —Bills of exchange bank notes and other documents which represent money Paper in the money market often refers to B/E First class Paper or Fine Paper —those bills bearing the names of first class or well known houses either as acceptors or endorsers Second class Paper —those whose reputation is lower and Third class Paper —houses of small credit

**Par** —A state of equality When the market price of a security is the same as its nominal value it is said to be at par If it is higher than that originally paid it is termed above par or at a premium if less below par or at a discount

**Partner** —One who partakes one who shares in the profits or losses of a concern An Active partner is one who takes part in the management a Dormant or Sleeping Partner is one who provides money without taking such part

**Partnership** —An association of persons to carry on a business undertaking for joint profit

**Passport** —A Government authorisation permitting the bearer to pass through the country named thereon

**Pawnbroker** —One who has a licence to advance money on articles left in pledge He is authorised by law to charge interest according to a certain fixed scale

**Per Contra** —On the other side

**Per Diem** Per day

**Perpetual Annuity** —An annuity which goes on for ever as distinguished from a **Terminable Annuity** which terminates in a specified time

**Petty Cash** —Money set aside for petty expenditure



**Pilferage.**—The loss of goods by theft in course of transit

**Plant.**—Fixtures, machinery, tools, etc., necessary to carry on a trade or business

**Policy** (Italian *polizza*, a promise) —A stamped contract, containing a *promise* to pay a certain sum of money on the happening of a certain event In return for this promise a sum of money is paid down, called the *premium* In the case of Fire, Marine, and Accident Insurance, the insurers take upon themselves certain specified risks or perils

**Preferential Debts** —Debts which are paid out of the moneys of a bankrupt's estate in priority to other debts. Wages, rent, and rates are preferential to a certain extent

**Prime Cost** —The first or original cost of an article before any further charges are added

**Prime Entry.**—A provisional entry made at the Custom House before goods are landed when a merchant cannot state definitely the real quantities or qualities of his imports He may thus make out a **Bill of Sight** or *Prime Entry*, giving the best description at his command The goods may then be landed and examined, and if a mistake has occurred, a **Post Entry** must be made, giving the correct particulars

**Prime Warrant.**—When only one warrant representing the goods is issued, this document is called the chief or prime warrant

**Private Company** —A company formed under the Companies (Consolidation) Act, 1908 It may consist of not less than two members, nor more than fifty Companies are considered to be *public* or *private* in so far as they *do* or *do not* make a public issue of their shares

**Private Ledger** —A ledger reserved for the use of the principals of a business It contains particulars referring to the capital of the business, the Profit and Loss a/c, and other private a/cs

**Probate.**—The official proof of a will

**Proceeds** —The net proceeds after all expenses have been deducted

**Prohibited Goods.**—Goods which it is illegal to import or export

**Pro Rata** —In proportion

**Prospectus** —A document drawn up by the promoters of a company inviting the public to subscribe to the capital. It should be dated, and contain —

- (a) The amount of capital required, and how it may be subscribed
- (b) The objects of formation of the company
- (c) The probable profits of the company
- (d) Any actual contracts that may have been entered into
- (e) Any other facts which will persuade the public that at last their chance of making money has arrived

**Proxy** —The power given to a person to vote or act for another. One who votes by another votes by proxy. The person who acts for another is termed the proxy.

**Quarantine** (Latin *quadraginta* forty) —The prescribed time of non-intercourse with the shore for a ship suspected of infection. A ship is then said to be in quarantine.

**Quarter Days**—

*England*

Lady Day	25th March
Midsummer Day	24th June
Michaelmas Day	29th September
Christmas Day	25th December

*Scotland*

Candlemas Day	2nd February
Whit Sunday	15th May
Lammas Day	1st August
Martinmas Day	11th November

**Quid Pro Quo** —One thing for another. An equivalent.

**Quittance** (acquittance) —A release.

**Quorum** (Latin of whom) —The stipulated minimum number of the members which must be present at a meeting to conduct the business regularly and in order.

**Quotations** —The prices, terms, and conditions of stocks and commodities when they are offered for sale.

**Rack Rent** —The uttermost rent. The full annual value of the property.

**Rate of Exchange**—The current or market value of the money of one country when exchanged into the money of another country When it is said that the *rate of exchange* on Berlin is 20 41 it signifies that according to the present value of exchange 20 marks 41 pfennige are worth £1

**Rebate**—An abatement or an allowance in price The amount of discount allowed by a banker when a bill is retired before it is due

**Rebate on Bills Discounted**—An item appearing on the debit or liability side of a balance sheet and representing the unearned portion of the interest charged on bills discounted at the date of the balance sheet

**Receiving Note**—A document asking the ship's officer to receive goods on board providing that he can sign that they are in good order and condition

**Recognisance**—An obligation entered into before a court of record or before a magistrate to do or abstain from doing, some particular act

**Reconciliation Statement**—An account drawn out to prove that the cash book balance is in accord with the bank pass book balance

**Reconstruction**—The reorganisation of a company

**Remittance**—Money or its equivalent sent by one person to another to liquidate a debt

**Rentes**—The annual interest payable on the stock of French Italian Austrian and certain other Governments

**Report**—When the refiners have assayed a bar of gold or silver they draw out a statement concerning its fineness or purity This is termed a report

**Report of a Ship**—As soon as a ship arrives in port a document is handed to the customs authorities containing particulars of her cargo etc and when permission has been given for her to be unloaded she is said to be reported

**Requisitionist**—One who makes a requisition *i.e.* a demand for something to be done for some express purpose

**Reserve Fund**—A fund set apart to meet any emergencies that may arise It is augmented periodically from any surplus profits

- Residue.**—What is left of a deceased person's estate after all liabilities in connection therewith have been met
- Resolution.**—A declaration passed by a body of persons assembled at a meeting
- Retailer.**—One who buys goods in bulk and sells or retails them singly or in small quantities.
- Return of Premium** — The surplus premium returned by the underwriters when anything has been insured in excess of its real value
- Revenue.**—*Income* A revenue account deals with all incomes of a concern against which are placed all the expenses incurred in earning such incomes
- Reversion.**—The future possession of some benefit, the enjoyment of which begins after some particular event has happened
- Rigging the Market.**—The buying up of such a quantity of a commodity as to be able to control its sale The "riggers" thus bring about a temporary scarcity of the commodity and force up the price They then "unload" at practically their own price A number of "riggers" operating together might be termed a "ring"
- Royalty** — A payment made for a privilege or concession as to a patentee for every article made or sold, to an author on every copy of his book published or sold, or coal owner to a landlord for every ton of coal extracted
- Rupee Paper.**—The promissory notes of the Indian Government payable in rupees (see *Enfaced Paper*)
- Seal**—A company incorporated under the Companies Act must possess a common seal, and must have its name engraved in legible characters on its seal A document is binding upon the company when the seal is affixed The seal is attested by the signatures of one or two directors and, or the secretary as the regulations may prescribe The seal is affixed to documents after a resolution has been passed granting permission, and the fact that such documents have been sealed will be recorded in the minute book The directors shall provide for the safe custody of the seal
- Seal Register** — A record of the documents to which the common seal of a company or corporation has been affixed

- Security.**—A document giving the lawful holder a title to a sum of money or money's worth. Also the party who becomes surety for another.
- Seigniorage**—The profit derived by the mint on our silver and bronze coinage.
- Sequestration**—A Scotch legal term for bankruptcy.
- Set off.**—A cross or counter claim. It consists of putting together the debts of two people who are mutually indebted to each other, the balance only being paid.
- Shipping Advice.**—A printed advice sent by a railway company to the docks intimating that they have forwarded certain goods for shipment by a steamer named.
- Short.**—An American term denoting that a person has sold and hopes to repurchase at a lower price. "Dealers short" signifies that they have sold more stock than they can deliver. In England such dealers are called "bears."
- Short Bills**—Bills drawn for a short period generally less than ten days.
- Short Shipment.**—The remainder of goods left behind for some reason or other, and forwarded by the following steamer. Such goods left behind are said to be "short shipped."
- Shut Out.**—When a steamer is unable to take goods on board they are said to be "shut out," and they are forwarded by the following steamer.
- Sine die**—When a matter has been adjourned *sine die*, no definite time has been fixed for its consideration.
- Slip.**—A slip of paper, or memorandum, given by an underwriter (pending the preparation of a stamped policy) setting forth the main terms of a contract of insurance.
- Slump**—A heavy fall in prices.
- Solvent**—A person is said to be *solvent* when he is able to meet fully his liabilities.
- Specie**—Refers to metallic money, in contradistinction to paper money or bullion.
- Specie Point.**—That point above or below the Mint par of exchange when it becomes more advantageous to transmit bullion than to buy bills and remit them.

- Specification** —A statement giving full particulars of goods to be supplied or work to be done
- Standard Gold** —A mixture of gold containing 22 parts of pure gold and 2 parts of alloy Such gold is termed 22 carat gold and has a fineness or purity of  $\frac{22}{24} \frac{11}{12}$  or 0.916
- Standard Silver** —A mixture containing 37 parts of pure silver and 3 parts of alloy Its standard purity is  $\frac{37}{40}$  or 0.925
- Sterling** —Generally means English money as distinct from that of all other countries
- Stevedores** —Men who load and unload vessels
- Stipulation** —A bargain
- Stoppage in Transitu** —The right of a consignor who consigns goods on credit to retake possession of them before they get into the hands of the consignee and of retaining them until he has been paid the full price for them
- Stowage** —The packing of the cargo on board a ship
- Subpœna** —A writ commanding a person to attend a court of law under a penalty
- Surety** —One who undertakes to hold himself responsible for another person's liabilities or duties in the event of the default of the latter
- Surrender Value** —When a life policy holder is either unable or unwilling to continue paying the premiums it is the amount the insurance company will pay to him for a complete surrender of all claims
- Suspense A/C** —An account opened in the ledger when for instance a sum has been received but at present there is an uncertainty to whom it should be credited The term is also used for expenses incurred that have yet to be charged against some undertaking but about which there is some uncertainty
- Take Up** —To pay bills when due to meet engagements that have been entered into
- Tale Quale or Tel Quel** —Such as it is To take anything tale quale is to take it as it is with all faults
- Tally** —An ancient form of keeping accounts by means of two notched sticks one for the creditor and the other for the debtor

- Talon.**—The last portion of a sheet of coupons. A certificate attached to a series of coupons, issued with bonds, by means of which, when the coupons are used, the holder is enabled to obtain a further series.
- Tariff.**—A catalogue or schedule of articles liable to customs duty and the duties to be paid on them.
- Telegraphic Transfers.**—Cable messages ordering the transfer of specified sums from one person to another. These T T s, although available between any two places connected by telegraph, are used chiefly in connection with India Council Drafts.
- Terminable Annuities.**—Sums of money generally paid by Government or an insurance company for a stated number of years.
- Time Bargains.**—Engagements entered into which must be closed before or at a given time.
- Tithe.**—The tenth part of anything. Generally refers to the tenth part of the produce of land, which was applied to the maintenance of the clergy.
- Title.**—A claim of right or an evidence of ownership.
- Token Coins.**—All silver and bronze coins are known as "token coins," because they are not intrinsically worth the amount of money they represent.
- Tonnage.**—The cubical contents of a vessel or any of her compartments. The "net tonnage" is the cubical capacity available for the stowage of cargo, 100 cubic ft is estimated to equal 1 ton in weight.
- Tontines.**—A kind of annuity adopted by Governments as a means of raising a loan. The Government, in return for a sum paid down, granted annuities to a certain number of persons. As the members died, the survivors shared their annuity until in course of time the longest liver enjoyed the whole, and when he died his interest entirely reverted to the payer.
- Towage.**—A charge payable by the owner of a vessel for services rendered by a tow boat or tug.
- Trade Mark.**—A name or distinctive device, mark, or brand adopted by traders to distinguish their goods from those of competitors.

**Transfer** —The act of delivering by written agreement certain property goods or shares from one person to another or the document by which such delivery is made

**Trustee** —One who holds property in trust for the benefit of another

**Turnover** —The total value of the business transactions of a firm for a given period

**Ullage** —The quantity of which a bottle cask or any vessel is short of being full

**Ultra Vires** —When a company corporation etc exceeds the authority or power imparted to it it is said to act *ultra vires*

**Underwriter** —One who writes his name at the foot of a policy of insurance to insure another against some risk

**Underwriting** —On a company being floated the underwriters in consideration of a commission will take up all shares not subscribed for by the public This is termed under writing

**Undischarged Bankrupt** —One who has not obtained his discharge from the Bankruptcy Court

**Unfunded Debt** —Consists of Treasury bonds and bills Exchequer bonds and bills which are paid off at certain fixed periods It is often called the floating or real debt of the nation

**Unlimited Company** —A company the shareholders of which are in case of insolvency liable to make *pro rata* contributions until all the debts of the company have been paid

**Usury** —The charging of a high or excessive rate of interest for a loan

**Venture** —Sometimes called adventure which see

**Voucher** —A receipt for cash paid Any document bearing witness or affording proof concerning the accuracy of accounts

**Wager** —A contract whereby one agrees to pay another a fixed sum if a certain event happens and the latter on his part agrees to pay a fixed sum to the former if it does not happen

**Waiver** —The discharge by the holder of a bill or note of any one or more of the parties to it



**Warranty** —A guarantee, a stipulation

**Watering of Stock** —The addition of stock to that already issued by a company without making any additional provision for the payment of interest on same

**Winding Up** —Dissolving compulsorily or voluntarily a company which is generally but not necessarily insolvent and adjusting its affairs

**Without Prejudice** —A phrase used when making an offer to settle a dispute and meaning that *no rights* are waived should the offer prove ineffectual

**Working Capital** —The capital available for trading purposes

**Writing Off or Writing Down** —The cancelling of a debt so far as the debtor is concerned

**Writing Up** —The process of increasing the book value of assets

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